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IDAHO PUBLIC UTILITIES COMMISSION

Annual Report of the Idaho Public Utilities Commission

1990

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IDAHO PUBLIC UTILITIES COMMISSION

Annual Report of the Idaho Public Utilities Commission

Written and Edited by
Gary Richardson, Information Officer

Information and assistance provided by the IPUC's
Administrative, Legal, Regulated Carrier
and Utilities Divisions

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1990

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The commission shall make and submit to the governor on or before the first day of December of each year, a report containing a full and complete account of its transactions, and proceedings for the preceding fiscal year, ending June thirtieth, together with such other facts, suggestions, and recommendations as it may deem of value to the people of the state.

The Public Utilities Law
Idaho Code § 61-214

IDAHO PUBLIC UTILITIES COMMISSION

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Public Information	334-0339
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Legal Division	334-0324
Regulated Carrier Division	334-0330

IDAHO PUBLIC UTILITIES COMMISSION
STATEHOUSE
BOISE, IDAHO 83720-0001

JOE MILLER
PRESIDENT

CECIL D. ANDRUS
GOVERNOR

November 30, 1990

The Honorable Cecil D. Andrus
Governor of Idaho

I am pleased to transmit herewith the annual report of the Idaho Public Utilities Commission. The report is prepared in compliance with *Idaho Code* §61-214 which requires the commission to submit to you, on or before the first day of December, a report of the commission's transactions and proceedings.

Although the period of time covered by the report is the preceding fiscal year ending June 30, 1990, the statute also authorized the commission to report "such other facts, suggestions and recommendations as may be of value to the people of the state." Accordingly, in the comments that follow we will include some matters of timely interest occurring between June 30 and the date of this report.

During the past year the commission participated in three legislative activities worthy of note. First, we were able to secure changes in our regulatory statute that have now made it feasible for a natural gas local distribution company serving in Utah to extend service into the town of Preston and the surrounding areas of Franklin County. The availability of natural gas to this region of our state will improve the quality of life for the residents of that area and enhance opportunities for business expansion in the region.

Second, with the cooperation of many others, the commission helped secure passage of Idaho's first residential energy efficiency standards legislation. This, we think, constitutes a legislative recognition of conservation and efficiency as an integral part of the state's effort to plan for its energy future.

Third, we helped secure a requirement that new subdivisions certify sources of water for each lot and ensure the ability of each lot owner to connect to a development's water system by simply extending the lateral. The proliferation of small, unviable water companies can become a serious burden on later purchasers, local governments and state regulators.

These individual events are also symptomatic of broader changes in the region. As we have previously noted, the electrical surplus in the region is rapidly dwindling, and this may be compounded by recent activities associated with pending petitions to declare certain anadromous fish runs as endangered. These events may accelerate the need to encourage energy efficiency and explore the use of alternate fuels.

I am again pleased to report that notwithstanding uncertainties as to our energy future, Idaho's regulated energy utilities are financially healthy. As you know, one of the commission's responsibilities is to help insure that utilities enjoy a degree of financial security sufficient to enable them to provide adequate and continuous service to the public. This goal has been achieved during the past year.

With respect to the regulation of the telecommunications industry, the commission, recognizing the value of a modern telecommunications infrastructure, has during the past year continued its efforts to require companies to install modern telecommunications systems. At the same time we have undertaken various measures to insure that basic service customers receive timely and adequate service from their respective telephone companies.

Particularly worth noting are the extension of modern phone service into the Shoup area on the Salmon River and into Lakeview on the east side of Lake Pend Oreille.

An event that should not pass unnoticed in this annual report is the impending retirement from the commission of Commissioner Perry Swisher. Commissioner Swisher will be completing 12 years of service on the commission and he served for four years as its president. These have been years of dramatic change, and at times, controversy. Commissioner Swisher has served the commission with distinction and devotion and he will be missed by his colleagues, the staff of the commission, and the public at large.

Respectfully submitted,

Dean J. (Joe) Miller
President

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Maintaining the Balance: The Commission's Trust

The work of the Idaho Public Utilities Commission is a balancing act. Under Idaho law the commission supervises and regulates every investor-owned utility in the state, assuring adequate service and fixing just, reasonable, and sufficient rates. In setting rates, the commission must consider the abilities both of the utility to earn and of utility customers to pay.

The commissioners are appointed by the governor with the approval of the state senate. Not more than two commissioners shall be of the same political party. They serve staggered six-year terms. If a vacancy occurs when the senate is not in session, the governor appoints a replacement subject to later senate approval. The governor may remove a commissioner for dereliction of duty, corruption, or incompetency.

The three-member commission was established by the 12th session of the Idaho legislature and was organized May 8, 1913 as the Public Utilities Commission of the State of Idaho. In 1951 it was reorganized as the Idaho Public Utilities Commission. The commission's statutory authorities are set out in Idaho Code titles 61 and 62.

The commissioners' devote full time to their duties. Their salaries are set by law (§61-215). The 1990 Legislature set their salaries at $55,000 per year.

The commission has quasi-legislative and quasi-judicial as well as executive powers and duties. In its quasi-legislative capacity, the commission sets rates and makes rules governing utility operations. In a quasi-judicial manner the commission hears and decides complaints, issues written orders similar to court orders, and may have its decisions appealed only to the Idaho Supreme Court. As an executive agency, the commission enforces state laws affecting the utility and transportation industries.

The commission oversees the intrastate operations of investor-owned utilities—electric, gas, water, and telecommunications—and common carriers—trucks, buses, railroads, and pipelines. During 1990, the commission regulated six electric utilities, two natural gas utilities, 17 telephone companies, 24 water companies, six railroads, one pipeline, and several hundred motor carriers.

The commission does not regulate publicly owned, municipal, or cooperative utilities. It registers and collects fees from but does not regulate several thousand private and interstate motor carriers.

The commission's operations are funded by fees assessed on the utilities and common carriers it regulates. The annual assessments are set by the commission in April of each year within limits set by law. The 1989 Legislature set the statutory maximum at three-tenths of one percent of each public utility's gross intrastate operating revenue, with a $50 minimum annual assessment. The maximum assessment for railroads has been at 1 percent of gross revenues for several years.

How the Commission Works

The commission president is its chief executive officer. The commission elects one of its members to a two-year term as president at its meeting on the first Monday in April in odd-numbered years. The president signs contracts on the commission's behalf, is the final authority in personnel matters, and handles other administrative tasks.

The administrative office of commission president is distinct from the chairmanship of cases or hearings before the commission. Chairmanship of individual proceedings is rotated among all three commissioners. The commission maintains an office in Boise, where it holds public meetings at least once a month. It conducts its business in two kinds of meetings: hearings and decision meetings. Formal hearings on utility and transportation issues are held on a case-by-case basis, usually in the service area of the utility being considered to allow maximum public participation.

The hearings resemble judicial proceedings and are recorded and transcribed by a court reporter. The formal parties to the case under consideration present testimony and evidence, subject to cross-examination by the other parties and the commissioners. The testimony is often prefiled in writing several weeks before the hearings.

Members of the general public may address the commission at a hearing without prior notice or formal intervention. However, those wishing the full rights of parties, such as the right to cross-examine other witnesses or to make and argue motions, must file for intervenor status.

The commission also holds decision meetings to consider issues set forth on an agenda prepared by the commission Secretary. These meetings are usually held each week.

Typically, decision meetings consist of the commission's review of decision memoranda prepared by commission staff. The commission Secretary takes minutes of the meetings. Decisions reached at these meetings are preliminary, becoming final when spelled out in a written order signed by a majority of the commission.

The Commission Staff

To help ensure that its decisions are fair and workable, the commission employs a staff of about 50 people — engineers, rate analysts, attorneys, accountants, investigators, economists, secretaries, and other support personnel. The commission staff is organized in four divisions —administration, legal, utilities, and regulated carrier.

The staff analyzes each petition, complaint, rate increase request, or application for an operating certificate received by the commission. In formal proceedings before the commission the staff acts as a separate party to the case, presenting its own testimony, evidence, and expert witnesses. The commission considers staff recommendations along with those of other participants in each case—including the utilities, the public, agricultural, industrial, business, and consumer groups.

Administration

The Administrative Division is responsible for coordinating overall IPUC activities. The division includes the three commissioners, the Commission Secretary, the Director of Policy & External Relations, the Executive Assistant, the Information Officer, and clerical support personnel.

The Commission Secretary, a post established by Idaho law, keeps a precise public record of all commission proceedings. The Secretary issues notices, orders, and other documents to the proper parties and is the official custodian of documents issued by and filed with the commission. These documents are public records.

The Executive Assistant has primary responsibility for the commission's fiscal operations, preparing the commission budget and supervising fiscal, personnel, and computer operations.

The Director of Policy & External Relations helps develop commission policies and manages the commission's relations with other state and federal agencies, including the Idaho Legislature.

The Information Officer is responsible for informing the public of commission decisions, meetings, and activities; responding to requests for information; coordinating public hearings; and preparing materials that allow for effective public participation in IPUC proceedings.

Legal Division

The IPUC staff is represented by five Deputy Attorneys General who are assigned to the commission and have permanent offices at IPUC headquarters. The IPUC attorneys represent the staff in all matters before the commission, working closely with staff accountants, engineers, investigators, and economists as they develop their recommendations for rate case and policy proceedings.

In the hearing room, IPUC attorneys coordinate the presentation of the staff's case and cross-examine other parties who submit testimony. The attorneys also represent the commission itself in state and federal courts and before other state or federal regulatory agencies.

Utilities Division

The Utilities Division is responsible for the technical analysis of all utility matters before the commission. Although the division is divided into five sections, staff members from all sections work closely to analyze utility filings.

The Director of Cases and Proceedings is responsible for the initial review of cases filed with the commission and for ensuring the timely progress and complete coverage of issues in open cases.

The Accounting Section audits utility books and records to verify reported revenue, expenses, and compliance with commission orders. Staff auditors present the results of their findings in audit reports as well as in formal testimony and exhibits. When a utility requests a rate increase, its revenues, expenses, and investments are analyzed to determine the amount needed for the utility to earn the return on its investment recommended by staff economists.

The Engineering Section reviews the physical operations of utilities. Staff engineers determine the cost of serving various types of customers, design utility rates, and allocate costs between Idaho and the other states served by Idaho utilities. Staff engineers also determine the cost effectiveness of conservation and cogeneration programs, evaluate the adequacy of utility services, and frequently help resolve customer complaints.

The Economic Analysis Section performs cost-of-capital studies, develops computer models of utility operations, and reviews utility forecasts of energy usage and the need for new plant. Staff economists work closely with staff engineers, especially in the areas of cost-of-service studies, rate design, and cost-benefit analysis of utility programs.

The Telecommunications Section reviews and recommends commission action on the myriad of new telecommunications services filed with the commission each year. Telecommunications analysts propose ways to allocate revenue among the various types of telecommunications services and recommend rates to recover that revenue. They also help resolve disputes between telecommunications companies and their customers.

The Consumer Assistance Section tries to resolve conflicts between utilities and their customers. For example, customers faced with service disconnections often seek help in negotiating payment arrangements. Consumer Assistance may also mediate disputes over billings, deposits, line extensions, and other service problems.

Consumer Assistance monitors Idaho utilities to see if they are complying with commission orders and regulations. It participates in general rate and policy cases when it needs to bring rate design and customer service issues to the commission's attention.

Most consumers contact the commission by telephone. Most disputes are resolved without the consumer having to file a written complaint or visit the commission's office in Boise. Staff members may negotiate payment arrangements with utilities on behalf of consumers and, where appropriate, refer clients to social service agencies, financial aid programs, or budget counseling services .

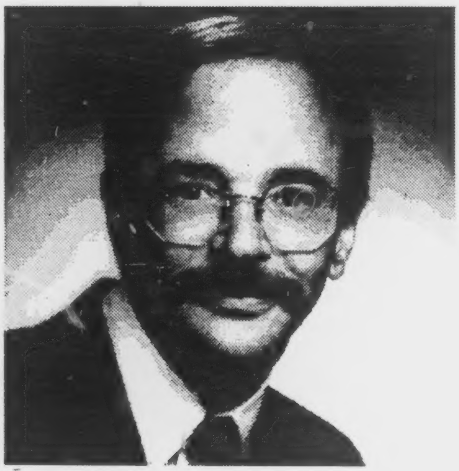
Regulated Carrier Division

The Regulated Carrier Division oversees railroads and motor carriers that move passengers and freight in and through Idaho. The division makes sure all motor carriers are registered, adequately insured, and in compliance with safety requirements.

The IPUC has limited jurisdiction over the rates, routes, and services of trucks, buses, and railroads operating in the state. All motor carriers operating in or through Idaho must register with the IPUC and pay a fee. In addition, intrastate common and contract carriers must file with the commission proof of insurance and copies of their tariffs or contracts.

The Regulated Carrier Division employs four investigators who inspect carriers for proper certification and safety compliance. the investigators are based in Boise, Idaho Falls, Lewiston, and Twin Falls. They enforce state and federal hazardous materials regulations to ensure their safe transportation in Idaho.

Today's Commissioners



DEAN J. (JOE) MILLER, President, was first appointed to the commission in March 1987 by Gov. Cecil Andrus and reappointed by Gov. Andrus in January 1989 to a full term, which expires in 1995.

A Democrat, Miller was elected Commission President in January 1988.

Miller is chairman of the U S WEST Communications Regional Oversight Committee, a member of the Committee on Communications of the National Association of Regulatory Utility Commissioners (NARUC) and of the Federal-State ONA Joint Conference of the Federal Communications Commission.

Miller is on the boards of the Whittenberger Foundation and the Idaho Humanities Council. He has also been active in various committees of the Idaho State Bar.

Prior to his commission appointment, Miller was a partner in the law firm of Gigray, Miller, Downen, Weston & Pasley of Caldwell, Idaho. He has a juris doctorate from the University of Idaho College of Law and a bachelors degree in history from the University of Santa Clara.

A fourth-generation Idahoan, Miller has two daughters, McKinsey and Elizabeth. His wife's name is Celeste.

PERRY SWISHER is serving his second term on the commission. He was appointed in March 1979 and reappointed in February 1985, both times by Gov. John Evans. Swisher served as commission president from November 1980 to April 1983 and from April 1985 to January 1988. He is a Democrat whose term expires in 1991.

Swisher is a member of both the Executive and Electricity committees of the National Association of Regulatory Utility Commissioners (NARUC). He has been a member of the Idaho Advisory Committee to the U.S. Commission on Civil Rights since 1963. He served on the Idaho Advisory Committee to the Bonneville Power Administration from 1967 to 1972.

Swisher served eight years in the Idaho House of Representatives (1952-58, 1975-76), four years in the Idaho Senate (1962-66), and four years on the Pocatello City Council (1969-73). In 1985 he was chosen as Idaho Statesman of the Year by the political science fraternity at Idaho State University.

Swisher has a BA degree in government from Idaho State University, where he also did graduate work in English. He worked 35 years in the newspaper business, most recently as an editor of the *Lewiston Morning Tribune* (1976-79). His writes a weekly column for several Idaho newspapers.

A fourth-generation Idahoan, Swisher and his wife Nicky have two sons, Larry and Eric.

RALPH NELSON is serving his first term on the commission. He was appointed in March 1987 by Gov. Cecil Andrus and began serving in May 1987. Nelson is a Republican whose term expires in 1993.

Nelson is Vice President of the Western Conference of Public Service Commissioners and a member of the Finance and Technology Committee of the National Association of Regulatory Utility Commissioners (NARUC).

Before his commission appointment Nelson, a certified public accountant, was in private practice in Coeur d'Alene, Idaho. He served in the U.S. Navy from 1966 to 1970.

Nelson has a B.S. degree in business administration from the University of Idaho, where he also did graduate work in law and business. He is a founder of the North Idaho College Foundation and served as its treasurer.

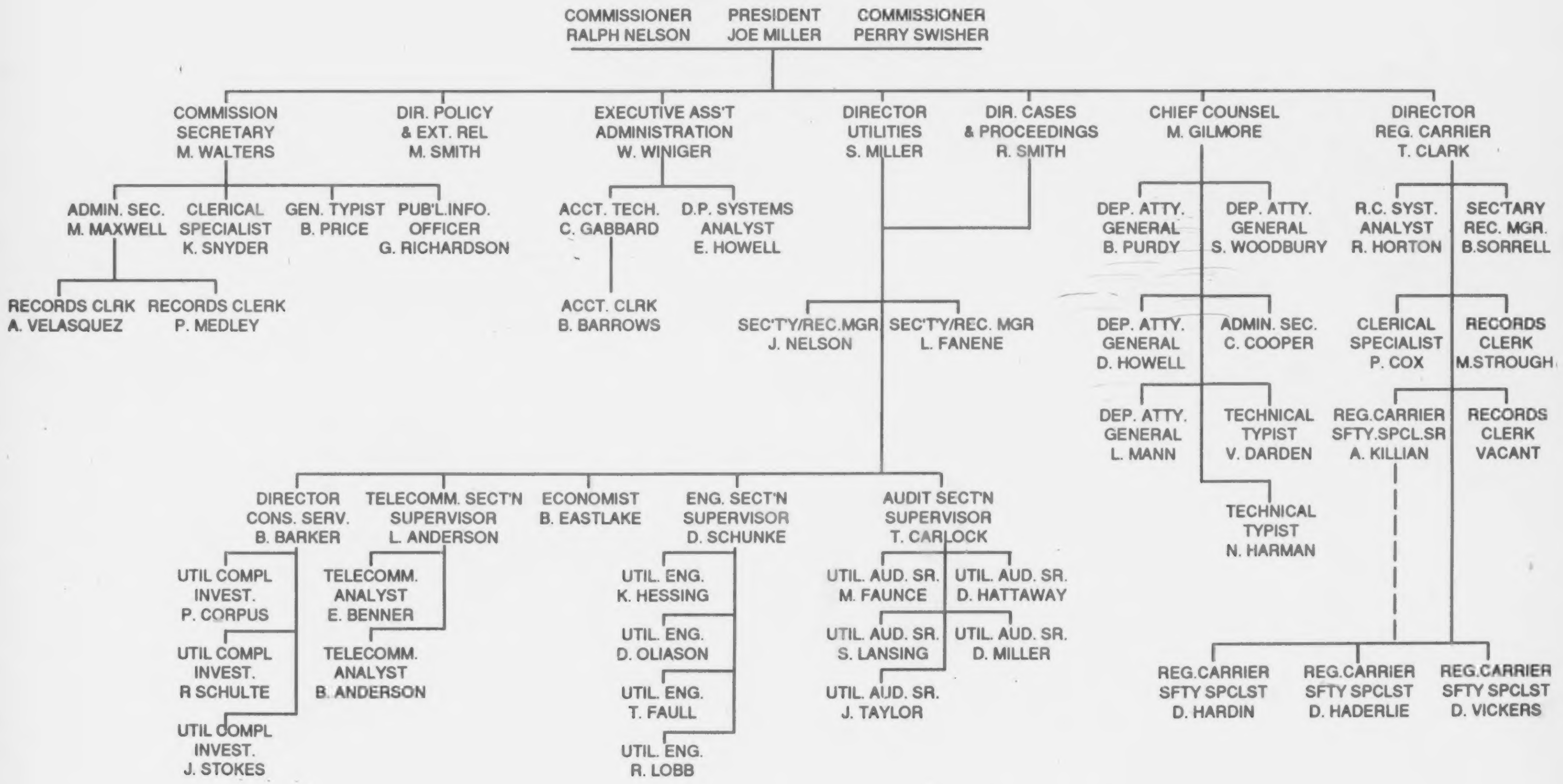
A third-generation Idahoan, Nelson has two daughters, Angela and Mia. His grandfather, Ralph S. Nelson, served five terms in the Idaho State Senate between 1916 and 1930.

IDAHO PUBLIC UTILITIES COMMISSION
1913 - 1989

Commissioner	From	To
J. A. Blomquist	May 8, 1913	Jan. 11, 1915
A. P. Ramstedt	May 8, 1913	Feb. 8, 1917
D. W. Standrod	May 8, 1913	Dec. 1, 1914
John W. Graham	Dec. 1, 1914	Jan. 13, 1919
A. L. Freehafer	Jan. 14, 1915	Jan. 31, 1921
George E. Erb	Dec. 8, 1917	April 14, 1923
Everett M. Sweeley	May 23, 1919	Aug. 20, 1923
J. M. Thompson	Feb. 1, 1921	Dec. 20, 1932
Will H. Gibson	April 16, 1923	June 29, 1929
F. C. Graves	Sept. 7, 1923	Nov. 12, 1924
Frank E. Smith	March 6, 1925	Feb. 25, 1931
J. D. Rigney	July 2, 1929	Sept. 30, 1935
M. Reese Hattabaugh	March 2, 1931	Jan. 26, 1943
Harry Holden	March 27, 1933	Jan. 31, 1939
J. W. Cornell	Oct. 1, 1935	Jan. 11, 1947
R. H. Young	Feb. 1, 1939	March 19, 1944
B. Auger	Feb. 1, 1943	March 9, 1951
J. D. Rigney	March 30, 1944	April 30, 1945
W. B. Joy	May 1, 1945	March 9, 1951
H. N. Beamer	Jan. 17, 1947	Dec. 31, 1958
George R. Jones	March 12, 1951	Jan. 31, 1957
H. C. Allen	March 12, 1951	Feb. 28, 1957
A. O. Sheldon	March 1, 1957	June 30, 1967
Frank E. Meek	Feb. 1, 1957	Feb. 5, 1964
Ralph H. Wickberg	Jan. 14, 1959	Feb. 23, 1981
Harry L. Nock	May 1, 1964	Sept. 30, 1974
Ralph L. Paris	July 1, 1967	Oct. 5, 1967
J. Burns Beal	Dec. 1, 1967	April 1, 1973
Robert Lenaghen	April 1, 1973	April 15 , 1979
M. Karl Shurtliff	Oct. 1, 1974	Dec. 31, 1976
Matthew J. Mullaney	Jan. 2, 1977	Feb. 15, 1977
Conley Ward, Jr.	March 7, 1977	Feb. 9, 1987
Perry Swisher	April 16, 1979	Now Serving
Richard S. High	Feb. 24, 1981	April 30, 1987
Dean J. Miller	March 16, 1987	Now Serving
Ralph Nelson	May 4, 1987	Now Serving

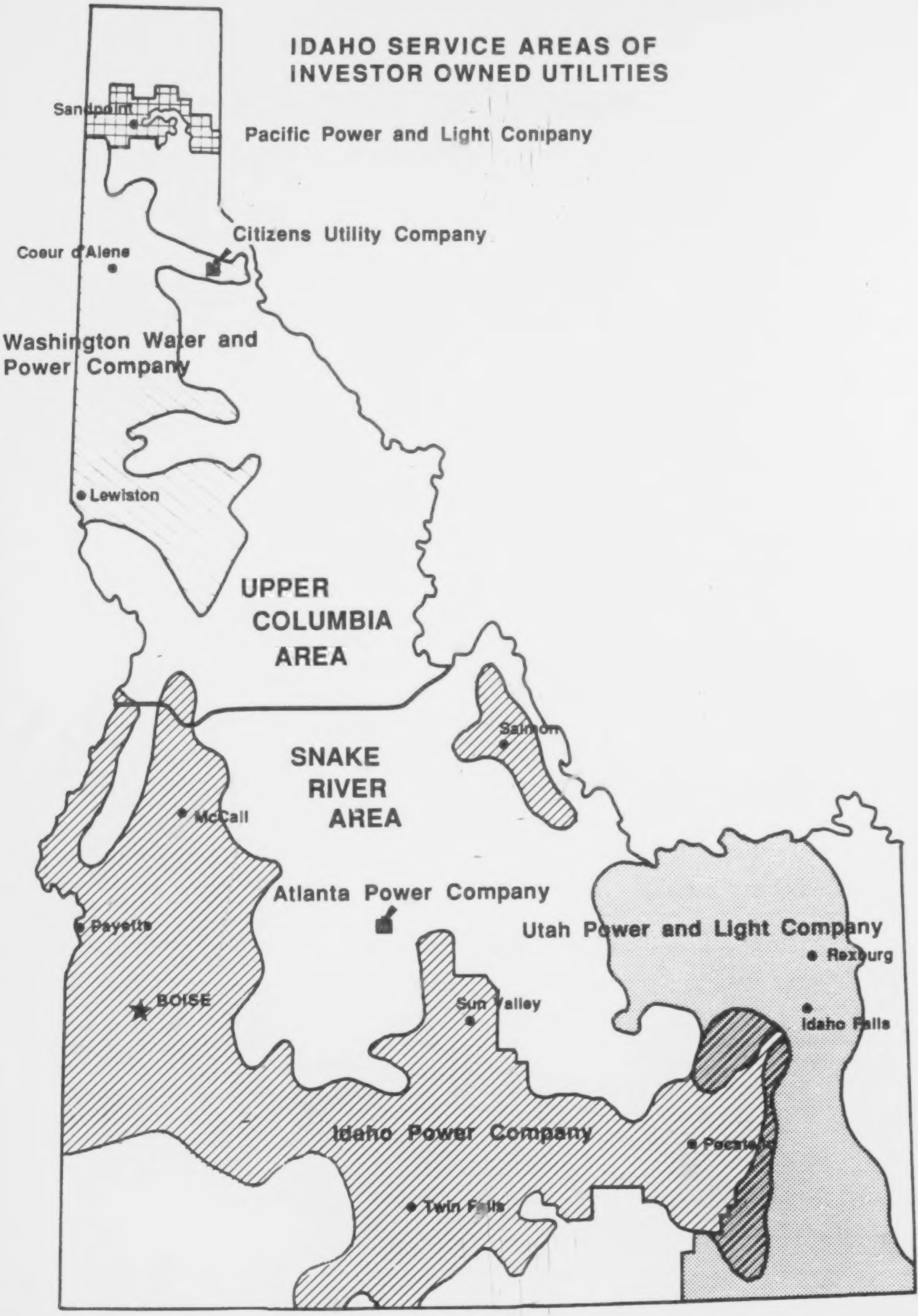
Idaho Public Utilities Commission

Organizational Chart


COMMISSIONER RALPH NELSON
PRESIDENT JOE MILLER
COMMISSIONER PERRY SWISHER
COMMISSION SECRETARY M. WALTERS
DIR. POLICY & EXT. REL M. SMITH
EXECUTIVE ASS'T ADMINISTRATION W. WINIGER
DIRECTOR UTILITIES S. MILLER
DIR. CASES & PROCEEDINGS R. SMITH
CHIEF COUNSEL M. GILMORE
DIRECTOR REG. CARRIER T. CLARK
ADMIN. SEC. M. MAXWELL
CLERICAL SPECIALIST K. SNYDER
GEN. TYPIST B. PRICE
PUB'L.INFO. OFFICER G. RICHARDSON
RECORDS CLRK A. VELASQUEZ
RECORDS CLERK P. MEDLEY
ACCT. TECH. C. GABBARD
D.P. SYSTEMS ANALYST E. HOWELL
ACCT. CLRK B. BARROWS
SEC'TY/REC.MGR J. NELSON
SEC'TY/REC. MGR L. FANENE
DEP. ATTY. GENERAL B. PURDY
DEP. ATTY. GENERAL S. WOODBURY
DEP. ATTY. GENERAL D. HOWELL
ADMIN. SEC. C. COOPER
DEP. ATTY. GENERAL L. MANN
TECHNICAL TYPIST V. DARDEN
TECHNICAL TYPIST N. HARMAN
R.C. SYST. ANALYST R. HORTON
SEC'TARY REC. MGR. B.SORRELL
CLERICAL SPECIALIST P. COX
RECORDS CLERK M.STROUGH
REG.CARRIER SFTY.SPCL.SR A. KILLIAN
RECORDS CLERK VACANT
DIRECTOR CONS. SERV. B. BARKER
TELECOMM. SECT'N SUPERVISOR L. ANDERSON
ECONOMIST B. EASTLAKE
ENG. SECT'N SUPERVISOR D. SCHUNKE
AUDIT SECT'N SUPERVISOR T. CARLOCK
UTIL COMPL INVEST. P. CORPUS
UTIL COMPL INVEST. R SCHULTE
UTIL COMPL INVEST. J. STOKES
TELECOMM. ANALYST E. BENNER
TELECOMM. ANALYST B. ANDERSON
UTIL. ENG. K. HESSING
UTIL. ENG. D. OLIASON
UTIL. ENG. T. FAULL
UTIL. ENG. R. LOBB
UTIL. AUD. SR. M. FAUNCE
UTIL. AUD. SR. D. HATTAWAY
UTIL. AUD. SR. S. LANSING
UTIL. AUD. SR. D. MILLER
UTIL. AUD. SR. J. TAYLOR
REG.CARRIER SFTY SPCLST D. HARDIN
REG.CARRIER SFTY SPCLST D. HADERLIE
REG.CARRIER SFTY SPCLST D. VICKERS

IDAHO PUBLIC UTILITIES COMMISSION
FINANCIAL SUMMARY
FY-1988 - FY-1990

Description	FY-1988 Jul 87/Jun 88	FY-1989 Jul 88/Jun 89	FY-1990 Jul 89/Jun 90
Personnel Costs	$1,554,569	$1,668,131	$1,784,463
Travel	116,487	111,573	129,959
Consultants	80,924	70,334	61,566
Transcripts	46,207	24,063	35,883
Subscriptions	14,876	17,652	17,565
Employee Training	25,732	22,077	22,763
Postage	41,874	39,676	36,877
Telephone	54,561	53,171	46,477
Office Supplies	24,153	18,421	20,247
Office Rent	167,136	174,358	174,485
Maintenance Contracts	46,225	70,192	58,364
Insurance	3,194	3,849	3,666
Automobiles	18,070	11,068	33,462
Office Equipment	17,599	55,615	9,744
Computer Equipment	22,462	13,960	26,227
Communication Equip.		37,298	3,177
All Other Expenses	58,874	39,631	40,329
Total Expenditures	$2,292,943	$2,431,069	$2,505,254
Appropriations	$2,526,050	$2,631,000	$2,752,000
Unexpended Balances	$ 233,107	$ 199,931	$ 246,496



IDAHO SERVICE AREAS OF INVESTOR OWNED UTILITIES

Sandpoint
Pacific Power and Light Company
Citizens Utility Company
Coeur d'Alene
Washington Water and Power Company
Lewiston
UPPER COLUMBIA AREA
Salmon
SNAKE RIVER AREA
McCall
Atlanta Power Company
Payette
Utah Power and Light Company
Rexburg
BOISE
Sun Valley
Idaho Falls
Idaho Power Company
Pocatello
Twin Falls

ELECTRICAL POWER IN IDAHO

The Idaho Public Utilities Commission regulates six electric utilities that serve more than 80 percent of all Idaho customers. During 1989 the number of customers of these companies increased less than 1 per cent. At the same time average residential consumption increased 4.6 percent.

Idaho also has 17 rural electric co-ops and 13 municipal power systems that are not under the IPUC's jurisdiction. While a few generate their own hydropower, they receive most of their energy from the federal Bonneville Power Administration. They delivered about 2 billion kilowatt-hours—10 percent—of the electricity comsumed in Idaho in 1989.

IDAHO ELECTRICITY RATES AMONG NATION'S LOWEST

During the period of this report, Idaho residents continued to enjoy some of the nation's least expensive electric service according to surveys conducted by the National Association of Regulatory Utility Commissioners (NARUC).

Idaho utilities ranked first, fourth, and 19th among the 25 investor owned utilities nationwide with the least expensive electric rates for the 1988-89 winter heating season. Washington Water Power Co. was ranked first, followed by Idaho Power Co., and Utah Power & Light Co. North Idaho customers of WWP paid 4.2 cents per kilowatt-hour. Idaho Power's quarter-million residential customers throughout southern Idaho paid 4.5 cents/kWh. Southeast Idaho customers of UP&L paid 5.8 cents/kWh.

While Water Power's Idaho customers paid the lowest rates, they experienced the country's steepest increase, with rates more than doubling (up 132 percent) in five years. In the same period, Idaho Power's rates rose 14 percent, and UP&L's increased 25 percent.

The nation's highest electrical rates, those of New York's Consolidated Edison, at 12.8 cents/kWh are nearly three times those paid by most Idaho residential consumers. The nationwide average rate is 8 cents per kWh, nearly twice that paid by most Idahoans.

VARIABLES SET FOR CSPP PURCHASES

Powder River Basin Coal Plant Most Likely Avoidable Resource

Case No. U-1500-170,
Order Nos. 22636, 22742, 22851, 22865

In 1989, the commission reaffirmed its policy of using a surrogate avoidable resource (SAR) for setting the avoided costs a utility pays cogenerators and small power producers, determined the cost variables all Idaho utilities would share, and assumed that unless a utility showed otherwise the SAR would be located in Wyoming's Powder River Basin coal fields.

"We still believe the most appropriate surrogate resource for determining avoidable long-term costs for utilities operating in Idaho is a single hypothetical coal-fired steam plant with state-of-the-art emission controls," the commission said in a June 1989 order.

In November 1989 the commission said that if Idaho utilities were to build new coal-fired electric generating plants, they would most likely put them in Wyoming's Powder River Basin, the source of the nation's cheapest coal.

The commission directed the utilities to use that assumption or justify an alternate location as they prepared cases for setting avoided costs unique to each company. The utilities were also directed to address how coal-hauling and transmission costs should be treated in determining avoidable costs.

In December 1989, the commission adopted the following set points (in 1988 dollars) to be used by all Idaho utilities in calculating avoided costs:

Power Plant Capital Costs:	$1,450/kW
Fixed Operating and Maint.:	$25/kW-year
Variable O and M:	1.60 mil/kWh
Coal (Fuel) Costs:	5.78 mil/kWh
Interim Energy Costs:	23.60 mil/kWh
SAR Operating Plant Factor:	75 percent
Plant Life:	35 years
Escalation Indices:	
Coal Transportation:	4.5%/year
SAR Investment:	4.5%/year
SAR O&M Expense:	4.5%/year
General Inflation:	4.5%/year
Wholesale Electricity:	4.5%/year
Coal (Fuel)	5.25%/year

The commission scheduled separate avoided cost proceedings for Washington Water Power, Idaho Power, and Pacificorp (PP&L and UP&L) beginning in early 1990.

During the period covered by this report, the commission considered the appropriateness of developing a bidding process for the future acqusition of electrical generating capacity and decided in late 1990 to delay its investigation (Case No. GNR-E-89-5). The commission indicated that it would not mandate but would entertain and assess utility specific bidding propposals.

STATEWIDE CONSERVATION STANDARDS KEEP IDAHO'S RATES LOWEST IN NATION

SB 1564

Statewide energy code legislation enacted by the 1990 Idaho Legislature ensures Idahoans a supply of cheap, clean energy well into the next century.

Idaho currently enjoys the lowest electrical rates in the nation and among the lowest natural gas rates in the Northwest. Energy conservation offers the best opportunity to preserve that benefit by avoiding or delaying the need for expensive, new generating resources.

Senate Bill No. 1564 resulted from cooperative effort by many interested parties—utilities, builders, state and local officials. It was not an easy task for the parties to reach the compromises embodied in the legislation.

SB 1564 creates a statewide code that requires builders of new homes to meet energy efficiency standards for such items as wall and ceiling insulation and window quality. It affects all new residential dwellings constructed after Jan. 1, 1991.

By certifying that the dwelling will be constructed in compliance with the energy standards set out in the code, the builder obtains a permit. No electric utility may hook up to a new home unless the builder obtains the permit.

The permit is available from the State Department of Labor and Industrial Services, at a charge of up to $25 to cover administrative costs. In cities or counties that have adopted their own energy efficiency standards, builders obtain the permit locally.

Five Idaho counties, 19 cities, and the Nez Perce Tribe had already adopted model conservation standards for new homes in their communities by early 1990.

Section one of the code identifies two important public policy principles:

1. Conservation measures built into new homes are the most efficient methods of providing for Idaho's future energy needs.
2. Building to energy efficiency standards is the least costly way for new home owners to meet their long-term energy needs.

The commission supported these principles for some time and undertook various methods to implement them. The commission recognized that conservation should be viewed as a resource equivalent in reliability to the generation of electricity or the burning of natural gas.

Policies adopted by regulatory agencies are important and significant, but in some areas regulation is inferior to legislation. Unlike the legislature, the commission does not have the ability to declare policy on behalf of the state as a whole.

The efficiency standards contained in SB 1564 are minimal, but they are a good starting place. As economic conditions change, as prices of various energy sources change, the standards should change.

The code requires the PUC to report annually on energy savings gained and to make recommendation for changes in the law and its standards. This creates an appropriate mechanism for on-going review.

SB 1564 had the support of the state's gas and electric utilities—both publicly and investor owned—as well as the regional energy agencies and the state's cities.

COMPLETION OF WPPSS NUKE PLANTS QUESTIONED

In December 1989, the commission questioned the Northwest Power Planning Council's continuing to list Washington Nuclear Plants 1 and 3 among the region's future electrical resources.

In comments on a council staff issue paper on nuclear resources, the commission expressed its concern with the representation that it is economically and technologically feasible to continue to preserve and then to complete Washington Nuclear Plants 1 and 3.

"Reality does not support the paper's further assertions that 'there is no reason to believe that WNP-1 or WNP-3 could not receive their operating licenses under current conditions,'" the commission said.

The commission also questioned the assertion that the design of the plants is "state-of-the-art." "That position, if adopted, can only subject the council and the region's planning assumptions to attack and even ridicule," the commission said.

The commission noted that state-of-the-art nuclear plant design is now passive, depending on gravity rather than pumping and pressurized systems for cooling and safety. "State-of-the-art also accommodates significantly smaller plants than 1,240 MW (WNP-3) and 1,250 MW (WNP-1)," the commission said.

The two plants, located at Satsop and Hanford, Washington, were "mothballed" by the Washington Public Power Supply System in 1982 and 1983. In its comments, the commission also questioned the estimates for costs of preserving the plants for possible future completion.

"We have no informational basis for believing that the current estimate for preservation, $5-6 million per plant per year, is applicable for the long run when the estimate in the 1986 preservation plan was twice that amount per plant," the commission said.

ENERGY SAVING DISINCENTIVES TO BE REMOVED

Case No. GNR-E-89-2, Order No. 22758

Tracing the history of electric utilities from the days when they sold light bulbs to their customers, the commission in October 1989 confirmed its intent to allow the state's electric companies to profit as much from saving energy as they do from producing it.

The commission spelled out the historical foundation for encouraging utilities to move from primarily being electricity generators to a broader role of being electricity service providers.

"Energy utilities historically have used marketing and promotional practices that increase sales in order to increase profits," the commission said. "Conservation programs produce energy efficiency investments that reduce the very sales revenue on which utility profits depend."
With an eye on the region's dwindling electricity surplus, the commission has been pushing utilities to help customers save energy. The October policy statement concluded an investigation begun in the spring to deal with potential problems of revenue losses resulting from conservation programs.

"The lost revenue from successful conservation programs represents a potential damper on utility investment in conservation programs," the commission said. "Utilities need not lose by promoting increased energy efficiency on the part of their customers. Effective conservation programs can help maintain or even improve the return on utility investment and reduce the risks associated with increased energy supply investments, e.g., costly construction projects.

"In addition, we wish to encourage utilities to move from a traditional role of primarily being a generator of electricity (a role in which lost revenue seems logically to follow from lower sales) to a broader role of electricity service provider. In such a role, utilities can earn a return on investments that would actually provide equal or even better energy service while reducing actual kilowatt-hour sales to a given customer.

"Customers want a warm and comfortable house at minimum cost. Many are also interested in the efficient use of energy and increasingly are concerned as citizens about the effects of generation on the environment." Many conservation measures can be provided better and more cheaply through that utility than by an individual householder, the commission said.

The commission cited as "promising" a Pacific Power & Light Co. proposal for an energy service charge. The charge would allow the power company to earn on its investment in a building's conservation measures while lowering the building's total electric bill.

"The invitation to the utility to cross the customer's threshold in pursuit of earnings is not new. It is older than regulation. Only the opportunity has changed," the PUC order said. "The 'light' in a power company's present or original name is remnant of an era when electric companies sold incandescent bulbs. It proved to be the foot in the door.

"At that time, the generators private industry ran for its own motor needs exceeded the output of the young utilities. Gradually, then swiftly, the economies of scale that utilities achieved in their baseload power plants provided electricity cheaper than private industries could make, and the electric companies became 'public' utilities. Technology then created new household uses for electricity — cooking, refrigerating, water-heating, space-heating and myriad appliances — until a special tariff for the all-electric or Gold Medallion home became a vital marketing tool.

"Here in Idaho, abandonment of the all-electric tariff was utility-initiated when the economy-of-scale balance shifted in the movement from all-hydro generation into thermal plant, ahead of the national OPEC energy crisis of the 1970s and the double-digit inflation and canceled nuclear plants of the early 1980s.

"In the same two decades, conservation and environmental concerns have assumed a central place in the nation's agenda and are now the subject of international protocols. In pursuing this maturing opportunity for service, we see no other institution so well equipped as the electric utility. It can best coordinate, direct and particularize the most efficient application of energy resources. Surely the utility is as fully entitled to profit from this growing function as, in another time, from the sale of incandescent lamps," the commission said.

CASH TO BUILDERS OK'D AS SHORT-TERM CONSERVATION INCENTIVE

Case No. GNR-E-89-1, Order No. 22888

In 1989, the commission pinned its hopes for new-home energy savings on adoption of a statewide building code by the 1990 Idaho Legislature. Pending legislative action, the commission proposed in October 1989 and approved in December cash incentives to builders of energy-efficient homes as a stop-gap until an energy code was in place.

"Having not formally done so in the past, we take this opportunity to declare our belief that the State of Idaho should adopt and enforce an energy code for residential dwellings containing standards that capture cost-effective energy savings," the commission said.

"Builder incentives are temporary and should not become permanent. We view the builder incentive programs as a transitional mechanism between the current state of construction and code adoption," the commission said in a proposed order. "They are 'transition payments' to build acceptance of energy codes and to broaden builder familiarity with energy-efficient building techniques. They should be phased out soon after the adoption of a statewide code."

The decision was the result of an investigation begun in the spring of 1989, when the state's major electric utilities asked for approval of plans to pay cash to builders and buyers of homes built to Model Conservation Standards (MCS). The new-home energy-saving standards had already been adopted by 16 Idaho cities, four counties, and the Nez Perce Tribe.

"The major advantage of a statewide energy code is in the even-handed treatment of all fuels and all customers, regardless of utility service area or climate zone," the commission said. "In addition, an energy code is clearly superior to the two other available strategies for acquiring conservation: reliance on market forces and utility-sponsored incentives."

Until an energy code was adopted, the commission limited utility cash incentives to the cost difference between current building practice and the MCS level of construction so that builders could gain experience with energy-efficient building techniques at no financial risk.

"Amounts paid in excess of incremental cost increase the possibility of fuel switching and may prejudice consumers against the use of natural gas," the commission said. "In this circumstance, a conservation program could turn into a load-building or promotional program."

The commission said incentives should be paid to those who make the choice to build to higher standards rather than to those who buy the efficient homes once they are built.

"A payment made to a person not making the decision to supply the conservation resource would constitute a windfall to that individual at the expense of ratepayers," the commission said. "With the exception of custom-built homes, in which the owner is usually the one making the decision, the builder makes the construction choices and influences prospective home buyers on many of the choices that went into the construction of the home."

The commission said that builder incentives may be included with other conservation costs and receive the same ratemaking treatment as other prudently incurred energy-saving expenditures—capitalization, plus a carrying charge.

COMMISSION SUMMARY OF BUILDER INCENTIVES DECISION

In prior proceedings before the Commission, we have expressed our commitment to the idea that conservation is a valuable resource. See Order Nos. 22299 and 22758. In this proceeding, we express our views regarding the methods by which that resource should be acquired from the residential market sector.

Having not formally done so in the past, we take this opportunity to declare our belief that the State of Idaho should adopt and enforce an energy code for residential dwellings containing standards that capture cost-effective energy savings. The major advantage of a statewide energy code is in the even-handed treatment of all fuels and all customers, regardless of utility service area or climate zone. In addition, an energy code is clearly superior to the two other available strategies for acquiring conservation: reliance on market forces and utility-sponsored incentives.

The comments in this case convincingly demonstrate that market forces alone are not sufficient in acquiring conservation. Individual customers, demanding rapid paybacks and applying high discount rates, do not consider the much higher costs that will occur when the current surplus of low-cost hydropower is exhausted. Consequently, they will fail to acquire the available conservation resource for the benefit of society as a whole.

Utility-sponsored incentives, if unrestrained in scope and duration, suffer from a number of objections: they may promote use of electricity rather than gas; they may result in payments to "free-riders"; and they generally lack uniformity in market areas or service territories. In addition, there has been concern that the incentives are generally promotional in nature in that by promoting the use of electricity, they might actually be creating more new electricity demand than they are saving through more energy-efficient building techniques.

Accordingly, it seems clear to us that acquisition of conservation opportunities available in the residential market depends on the adoption and enforcement of a statewide energy code. We support and encourage efforts currently under way to bring about passage of such a code.

This is not to say, however, that utility-sponsored incentives should not, at least in the short term, be permitted. Incentives can play an important role in raising the generally accepted standard of building construction to a level closer to that which would be required by codes, thus making code adoption more feasible.

As a general rule, we find that the amount of a utility-sponsored incentive should be limited to the incremental cost, i.e., the cost difference between current building practice and the Model Conservation Standard (MCS) level of construction. Although an electric utility could conceivably pay any amount up to its full avoided cost, amounts paid in excess of incremental cost increase the possibility of fuel switching and may prejudice consumers against the use of natural gas. In this circumstance, a conservation program could turn into a load-building or promotional program. In addition, basing the amount of incentive on the incremental cost of building will allow builders to gain the necessary skills without suffering economically.

We find that the utility-sponsored incentives should be paid to the person or entity who makes the choice to build to higher standards. A payment made to a person not making the decision to supply the conservation resource would constitute a windfall to that individual at the expense of ratepayers. With the exception of custom-built homes, in which the owner is usually the one making the decision, the builder makes the construction choices and influences prospective home buyers on many of the choices that went into the construction of the home. In addition, many times homes are built for expected sale after completion and there is, in fact, no buyer making construction decisions. The builder makes construction choices based on his/her perception of the market demand. Accordingly, the builder should receive the incentive.

Builder incentives are temporary and should not become permanent. We view the builder incentive programs as a transitional mechanism between the current state of construction practice and code adoption. They are "transition payments" to build acceptance of energy codes and to broaden builder familiarity with energy-efficient building techniques. They should be phased out soon after the adoption of a statewide code.

COMMISSION HEEDS OWN ADVICE, INSULATES OFFICES

Case No. U-1500-165

In July 1989, the commission, which earlier in the year told electric utilities it regulates to get serious about energy conservation, itself took a major step toward making its Boise offices energy efficient.

The commission had 6 inches of fiberglass insulation installed under the 28,000-square-foot building, part of which it occupies in the Capitol mall area. The installation provides R-19 rated insulation between the floor and the open parking garage underneath commission offices.

The insulation will save an estimated 120 megawatt-hours each year in the electrically heated and air conditioned building—enough to run about eight homes. Those energy savings will pay back the amount invested in the conservation measure in about five years at current Idaho Power Co. rates.

“Not only is this a cost-effective measure, but employee comfort levels will also increase,” said Commissioner Ralph Nelson, who chaired the PUC’s investigation into conservation and weatherization practices of the state’s electric utilities.

“The floor was so cold sometimes that about half the people who work here had electric heaters at their desks just to keep their feet and legs warm,” he said.

Nelson noted that the winter temperature difference between the floor and the five-foot (thermostat) level in the commission offices had been as much as 20 degrees Fahrenheit some days.

Experts say that some commercial buildings, like the PUC offices, could save thousands of kilowatt-hours of electricity each year through insulation and other energy efficiency improvements.

IDAHO POWER CO.

1220 West Idaho Street
P.O. Box 70
Boise, Idaho 83707
Phone: (208) 383-2200

The company at a glance

No. customers—	265,555
Rate base—	$1,108,893,928
Rate of return—	9.902 %
Residential rate—	4.7 cents/kwh

Idaho Power Co. is the state's largest electric utility. It serves about 266,000 customers throughout much of southern Idaho. In 1989, the Boise-based utility served about two-thirds of the state's electricity customers and supplied about 12.5 billion kilowatt-hours—64 percent—of the electrical energy sold in Idaho.

Of Idaho Power's 1989 revenue, [illegible]7 percent was from residential customers, 52 percent from commercial and industrial customers, and 11 percent from others. The company sold 26 percent of its energy to residential consumers, 58 percent to commercial and industrial consumers, and less than 16 percent to wholesale buyers.

Idaho Power generates most of its electricity at hydropower dams on the Snake River. It receives increasing amounts of power from its shares of coal-fired plants at Jim Bridger, Wyoming; Boardman, Oregon; and Valmy, Nevada. It purchases about 3 percent of its energy from independent power producers.

IDAHO POWER CO. CASE REVIEW

SWITCH FROM MERCURY TO SODIUM LIGHTS PROPOSED

Case No. IPC-E-90-9

In June 1990, Idaho Power asked the commission to approve a $2.3 million program to replace the utility's dawn-to-dusk lighting customers' mercury vapor lights with more efficient, high-pressure sodium vapor or metal halide lamps.

Utility officials said that mercury vapor lamps are obsolete and that replacement parts are hard to find.

The three-year conversion program would result in a 45 percent energy savings, according to Idaho Power. The company proposed to pass some of the energy savings on to its lighting customers by reducing their rates about $54,000 a year.

The following table shows the changes the company proposed in types of lamps, their output in lumens, and their monthly rates:

Metal halide lamps would be offered for customers, such as automobile dealers, who need greater color clarity than the sodium lamps give. Since the halide lamps are less efficient and more expensive to install, their monthly rates are $31.63 for 400-watt lamps and $57.74 for 1000-watt lamps.

The company proposed to put the reduced rates into effect Oct. 1, 1990 and proposed that the rates for mercury vapor lamps be reduced at that time to those for the comparable sodium lamps to avoid having customers pay the higher rate solely because of their place on the company's conversion schedule.

Current Mercury Vapor Lamps Watts	Rate	Lumens	Proposed High-pressure Sodium Vapor Watts	Rate	Lumens	% Change Rate	Lumens
			Area Lighting				
175	$ 9.92	11,025	100	$ 9.62	14,000	(3%)	27%
400	16.40	25,200	200	15.60	28,000	(13%)	11%
1000	32.09	63,000	400	24.91	56,000	(12%)	(11%)
			Flood Lighting				
400	$19.77	25,200	200	$18.97	28,000	(4%)	11%
1000	36.09	63,000	400	28.31	56,000	(22%)	(11%)

HOOK-UP FEE HIKE SHOULD OFFSET FERC CHARGE

Case Nos. IPC-E-90-7 & -10

In June 1990, Idaho Power asked to use the added revenue it expects to get from a proposed increase in hook-up fees to offset a Federal Energy Regulatory Commission charge the utility must pay for "headwater benefits" at its Snake River hydropower plants.

The utility must pay the federal government more than $4.4 million for headwater benefits through 1987 plus more than $100,000 a year on an ongoing basis. Spread out over 10 years, the expense of the payments is estimated at about $464,000 annually.

Idaho Power estimated a $420,000 annual increase in revenues if the commission approved an increase in hook-up fees from $10 to $15 ($22 during non-business hours).

The commission proposed considering the hook-up fee increase and the headwater benefits payments together without a hearing unless written protests were received.

MILNER HYDRO APPLICATION

Case No. IPC-E-90-8

In June 1990, Idaho Power applied to the commission to add the proposed Milner hydro-electric project to its rate base. In the alternative, the company wanted the project to be exempt from state regulation for 20 years.

Rate-basing the project means that its costs would be recovered through the rates paid by Idaho Power customers and that its power would be used in the company's utility operations. A 20-year exemption from state regulation would enable Idaho Power to enter into a long-term sale of the energy to another utility.

Idaho Power proposed to finance rehabilitation of the aging Milner Dam and to add 58 megawatts of generating capacity. The utility wanted to add about $63 million of the $72 million project to its rate base. The remaining costs would be repaid by the Twin Falls and Northside canal companies, partners in the project, who would receive royalties on its power generation.

Idaho Power proposed building two power houses about 1.3 miles from the Milner Dam along the Twin Falls Canal and another, smaller facility at the dam. Company estimates of the costs of Milner power range from 3.8 cents to 5.3 cents per kilowatt-hour.

50 PERCENT HOOK-UP FEE HIKE SOUGHT

Case No. IPC-E-90-7

In May 1990, Idaho Power applied to the commission to increase its fee for hooking up service and to change the way late payment charges are figured.

The company wanted to increase from $10 to $15 the charge for establishing or reestablishing electrical service during business hours. For hook-ups at other times there would be an additional $7 charge, for a total of $22. The increases would add about $420,000 to the company's annual revenue -- 0.11 percent.

Idaho Power officials said the new fees would more accurately reflect the actual costs of opening an account, reading the meter and -- in some cases -- physically connecting electrical service. They said the charges were computed by applying operating costs for time and mileage to read a meter or connect service.

Idaho Power also proposed to change from its former practice of calculating late payment charges by adding the daily interest for each day past due. The company wanted to use the method commonly used in consumer credit accounts. Monthly interest would be applied at the time of the next month's billing.

Company officials said the change in computing late payments would result in little, if any, revenue increase.

PILOT ENERGY SAVING PLAN OK'D FOR ORE-IDA FOODS POCATELLO PLANT

Case No. IPC-E-90-4, Order No. 23070

In April 1990, the commission gave Idaho Power the go-ahead to begin spending on an industrial energy efficiency pilot program at the former Kraft Foods plant in Pocatello recently acquired by Ore-Ida Foods.

Ore-Ida was to begin renovations of the former cheese factory necessary to process frozen foods. Idaho Power wanted to use the opportunity to incorporate energy conservation measures into new plant equipment such as refrigeration and compressed air systems.

"We applaud Idaho Power's efforts to implement a concept which we have endorsed in previous orders," the commission said in an order allowing the utility to treat project expenditures as deferred expenses, which may later be recovered through rates. "The company appears to have selected the right target at the right time with some good ideas.

"Food processors rank among Idaho's heaviest industrial energy users. Ore-Ida, Inc. is a very large company with the potential to generate significant energy savings. Ore-Ida is willing to look now at features it would be unlikely to change once they were installed."

Under the plan, Ore-Ida would pay for conservation measures whose costs will be paid back in energy savings within two years. For measures with paybacks of more than two years, Ore-Ida would contribute the value of the first two-year payback and Idaho Power would contribute the balance.

"The supplemental funding idea is a sensible one," the commission said. "Competitive businesses typically require shorter payback periods than utilities do. From the standpoint of the utility and its ratepayers, however, longer payback investments in energy efficiency can be much cheaper than the cost of providing for them with new energy. The Company's proposal bridges the gap."

The companies had hired engineers to look into potential energy-saving projects. In October 1990, Idaho Power shelved the project when Ore-Ida decided it could not fit its sahre of the conservation expenses into its budget.

ONE-YEAR TRIAL OK'D FOR LEVEL PAY PLAN CHANGES

Case No. IPC-E-90-6, Order No. 23077

In April 1990, the commission approved for one year changes aimed at making Idaho Power Co.'s level payment plan fairer and easier to understand and manage.

The new plan was implemented in late May to cover the 1990-1991 heating season. It set a uniform, July starting date for all customers' level payment plans and used a weather adjustment to calculate the monthly payment amount.

The commission limited its approval to one year "to consider whether there should be refinements to the proposal for subsequent heating seasons."

The commission staff supported the basic principles of the company plan but offered several suggestions for improvement.

Under the company plan, a level pay customer whose monthly power bill exceeds $40 would receive a weather adjustment to moderate the seesawing that can be caused between harsh and mild winters.

The commission staff recommended that the weather adjustment threshold be expressed in kilowatt-hours, a measure of energy consumption, rather than dollars. The staff also favored a lower threshold than the 850 kWh represented by $40 at today's Idaho Power rates.

The staff recommended a slight acceleration in the payment schedule—to collect the estimate for 12-month's usage over 11 months. This would give customers a "safety net," allowing them to accrue a slightly larger balance so that in harsher winters, when usage exceeds the estimates, their total payment would not fall so far behind. When payments equal or exceed actual usage, customers would pay little or no bill in June.

The staff further recommended that Idaho Power pay interest on its monthly level-pay balances, as Intermountain Gas Co. does. The staff also said that customers should receive a refund or credit at the end of the annual level pay cycle if the balance in their account exceeds $25 or a similar threshold amount.

To ensure that such refinements are considered, the commission required the company to include a May 31, 1991 "sunset" provision in its level payment tariff.

IRRIGATION PREPAYMENT RULES CHANGE

Case No. IPC-E-89-17, Order No. 23012

In March 1990, the commission approved a change in the prepayment requirement of Idaho Power's irrigation tariff (Schedule 24) to allow a transition from bad to good credit. At the same time, the commission told the company to reword a tariff provision dealing with payment requirements for irrigators in bankruptcy.

Under a change suggested by the commission staff, beginning with the 1991 pumping season, an irrigator whose bad credit required a seasonal advance one year will be required to pay a monthly advance the following year.

"This will stop the oscillation between seasonal advances and no advances," the commission said. Under the old policy, Idaho Power might require a seasonal advance of a pumper who did not pay the final bill of the previous season on time. But by virtue of the good credit created by the season's bill being paid ahead, no advance could be required the following year.

"If the customer has payment problems again, the same scenario is repeated," PUC Consumer Assistance Director Beverly Barker explained of the system being replaced. "Theoretically, a customer may seesaw back and forth ad infinitum between paying no advance and paying a full seasonal advance."

The commission told the company to resubmit tariff language to deal with irrigation customers involved in bankruptcy or receivership proceedings.

"Idaho Power can fairly include in its tariffs a special provision for irrigation customers in bankruptcy that takes into account the unique aspect of this service: service is never terminated during the growing season," the commission said. "We balance the equities somewhat differently than Idaho Power, however, particularly for customers discharged in bankruptcy, and reject its proposals, but would accept a minor modification of its last proposal...."

In November 1989, Idaho Power asked to amend its irrigation tariff to allow seasonal advances to be required of pumpers involved in bankruptcy or receivership until a year after the proceeding is resolved.

The company twice revised its initial proposal, both before and after a Feb. 14 public hearing on the matter in Gooding.

The suggested wording changes to the company's most recent proposal would achieve "an appropriate balance in company-debtor relations," according to the commission.

"It allows the company to pursue and obtain remedies permitted under the federal bankruptcy code," the commission said. "At the same time, it preserves the long-standing commission policy that prohibits termination of service during the irrigation seasons.

"Our reformulation of the tariff language also responds to the fears expressed by some commenters to the effect that the tariff, as originally proposed, would impair the viability of farm bankruptcies by giving the company rights greater than those created by the bankruptcy code. The tariff language we adopt makes it clear that the company has the rights created by the code, but it does not have greater rights.

"Neither the tariff nor the code give the company the right to demand a deposit as retribution for past delinquencies or simply because bankruptcy has been filed," the commission said. "The tariff, like the code, only allows for adequate assurance of future payment."

The commission told the company to drop the phrase "a sum agreed to by the utility" and accept "adequate assurance of payment." "This change recognizes that the utility is entitled to protections, but also allows for the possibility that in the appropriate circumstances a crop lien or other security may be adequate," the commission said. "It also helps make clear to debtors that they are free to negotiate for something other than a 'sum agreed to by the utility.'"

The wording suggested by the commission also provided that following discharge of a bankruptcy, the customer would be subject to the same prepayment requirement as all other irrigation customers.

RATE BASING OF SWAN FALLS EXPANSION SOUGHT

Case No. IPC-E-90-2

In March 1990, Idaho Power applied to the commission to rate base its investment in a project that would more than double the output at the company's oldest hydropower plant, at Swan Falls on the Snake River.

Idaho Power planned to retire its existing 10.4 megawatt Swan Falls powerhouse. It would be replaced with two bulb turbine generators with a total capacity of 25 MW.

Rate basing would allow the company to earn a return on its additional investment in the Swan Falls plant through the rates paid by its customers.

The Federal Energy Regulatory Commission approved the Swan Falls rebuild in early January 1990.

"The project has been, and will continue to be, integral to Idaho Power's Snake River hydroelectric system and will continue to be used to serve retail and firm wholesale load," the company said in asking that the Swan Falls investment be added to its rate base upon completion. "Reconstruction of the Swan Falls facilities is also integral to retention of Idaho's water resource for the public interest of the state."

Idaho Power's water rights at Swan Falls were the subject of litigation and legislation in the late 1970s and early 1980s. An agreement between the state and the company reached in 1984 set Idaho Power's non-subordinated water right at Swan Falls at 3,900 cubic feet per second in the summer and 5,600 cfs in the winter.

"As the oldest hydro rights on the river, the water rights associated with the Swan Falls project are critical to the ability of the state and the company to protect the minimum flows established by the agreement and the [state] water plan," Idaho Power said in its PUC application. "It is , of course, essential that the Swan Falls project remain in existence."

The company's application contained no cost estimates for the project. The application would be supplemented with such information after design studies and bid requests were completed by June 1990, according to company officials.

ENERGY EFFICIENT BUILDING DESIGN PROGRAM OK'D

Case No. IPC-E-89-12, Order No. 22893

In January 1990, the commission approved Idaho Power's Design Excellence Award Program, which is estimated to improve the energy efficiency of about 25 percent of the new and renovated commercial buildings in southern Idaho over the next three years at a cost of $600,000.

"The DEAP project is needed to prevent further loss of lost opportunity conservation and to promote the adoption of model conservation standards by the local building industry," the commission said.

The commission was disappointed by the lack of interest in the utility proposal by industries it will affect.

"We note that there was virtually no participation from the electric design industry, the equipment manufacturing industry, and the architectural design community, save Bruce Armstrong, a public witness who testified at the hearing," the commission said. "We hope that in the future as more design programs are implemented by Idaho's electric utilities, the aforementioned industries will take an active role in the utilities' programs."

In the summer of 1989, the company asked the commission to approve the Design Excellence Award Program to offer computer services to help commercial and industrial customers design more energy efficient structures regardless of their fuel sources. Computer simulation modeling of building projects would be used to evaluate conservation alternatives. Depending on the size and complexity of the proposed building, Idaho Power will conduct the modeling itself or pay designers from $800 to $3,000 toward their costs of participating in the program. The formal energy analysis would include a report detailing design alternatives and economic analyses for the building owner's review and consideration.

The company expected about 70 percent of the buildings modeled to incorporate the program's efficiency standards, which will be recognized by a plaque honoring the owner, designer, and the building. Costs of the program will be amortized over 30 years to reflect the life of the building and its energy-saving investment.

A report will be filed with the commission each year describing DEAP promotional activities, number of requests, buildings modeled and constructed using DEAP. The commission also wanted to know the amount of energy saved in kilowatt-hours.

NEW COMMERCIAL AND INDUSTRIAL SERVICES OK'D

Case No. IPC-E-89-4, Order No. 22887

In January 1990, the commission approved two new services for commercial and industrial customers of Idaho Power.

Partial Requirements Service, Schedule 45, is for customers who generate their own electricity and require only backup power from the utility. The demand for utility power must be between 750 and 25,000 kilowatts. The service is not available for resale, to those whose own generation is only for emergency supply, or to cogenerators or small power producers with contracts to supply electricity to Idaho Power.

Alternative Distribution Service, Schedule 46, provides a second circuit to back up a customer's regular distribution line through an automatic switch. The alternative circuit automatically activates if the primary line fails. Such service may be important, for instance, to high-tech manufacturers.

In February 1989, Idaho Power applied to the PUC for approval of the new tariffs to become effective March 27. The commission suspended implementation and held hearing on the matter in July.

Intervenors in the case were Washington Water Power Co., which serves much of northern Idaho; Potlatch Corp., Water Power's largest customer and one with on-site generation capacity; Amalgamated Sugar Co. and J.R. Simplot Co., two of Idaho Power's largest customers with the ability to generate their own power.

The rate designs approved for the new services differ from those originally proposed by the company. They were adjusted by the commission based especially on testimony by its staff and by intervenors Amalgamated and Simplot.

IDAHO POWER'S GOOD CENTS MAKES SENSE

Case No. IPC-E-89-6, Order No. 22856

In December 1989, the commission gave interim approval to an Idaho Power program to promote construction of energy-saving homes through cash incentives to builders.

"Idaho Power's Good Cents program is needed to prevent further loss of lost-opportunity conservation and will promote the Model Conservation Standards thereby insuring that such building standards become the commonly accepted building practice," the commission said. The plan was approved pending the outcome of an investigation of the reasonableness of such conservation incentives for all of the state's electric utilities.

In September, Idaho Power asked the commission's approval of the program as the fourth part of the near-term effort outlined in the company's April conservation report. Incentives of $1,500 for single-family homes and $500 per unit for multi-family dwellings are paid to builders to offset some of the expense of building to higher energy efficiency standards.

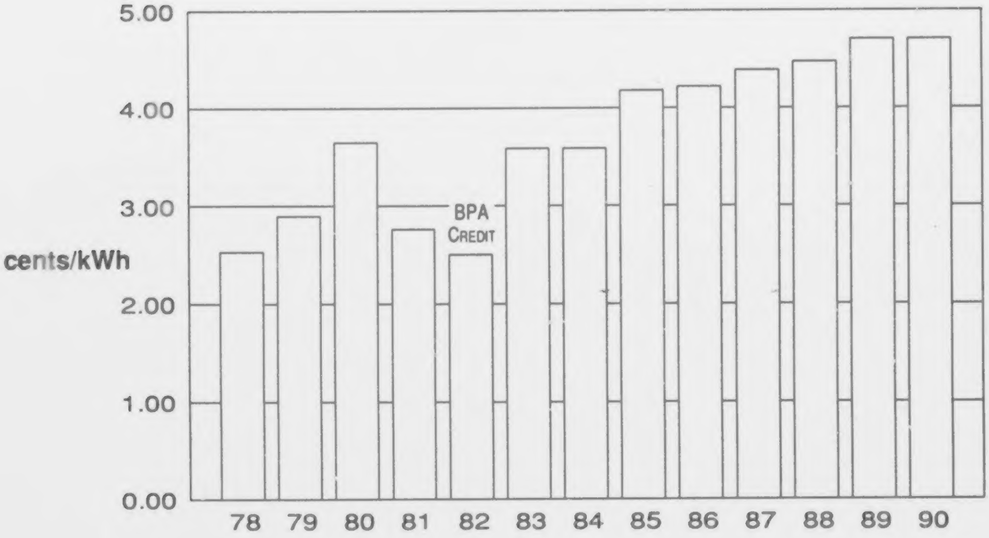
The company estimates it will spend about $500,000 on the Good Cents program in 1989 and $750,000 in 1990, completing more than 200 and more than 300 units, respectively, each year. The program will save more than 2,000 kilowatt-hours of electricity per home each year.

As with similar programs approved for the state's other electric utilities, Idaho Power must report on the program at the end of each year. The commission's approval is not a rate making decision on the reasonableness of the company's expenditures, which would be determined in a rate case.

IDAHO POWER CO. CASE LISTING

Case no. U-1006-	Order No.	Date	Synopsis
289	22813	10/27/89	Dismissed Harold Miles complaint challenging ratemaking aspects of Swan Falls settlement
266	Minute Entry	5/7/90	Approved Amendment to 1985 City of Pocatello Firm Energy Sales Agreement
IPC-E-			
88-9	22649	7/27/89	Granted motion to compel A. W. Brown
89-5	22617	7/11/89	Modified Order No. 22599, restricted so only Micron Technology may take service under Schedule No. 26
89-9	22672	8/7/89	Distribution line extensions to fire protection facilities accepted
89-11	22994	3/9/90	Avoided cost determination
89-14	22741	10/13/89	Authorized short-term borrowings of $150,000,000
89-15	22783	10/13/89	Authorized guarantee of American Falls bonds
90-1	23062	4/17/90	Approved tariff filing revising Schedule 71 to provide interest on line extension construction deposits be paid only when interest exceeds $10.00.
90-3	23191	6/22/90	Authorized 401,000 shares of preferred and common stock
90-5	23080	4/26/89	Approved $100,000,000 of new bonds

IDAHO POWER CO.
RATE HISTORY



IDAHO POWER CO.

Tariff Changes	Straight Residential (500 Kwh/Mo.)	Residential W/Water Heater (1000 Kwh/Mo.)	Residential All-Electric (1000 Kwh/Mo. 6 Mos.) (3000 Kwh/Mo. 6 Mos.)
		Average Monthly Billing ($)	
2-24-78	12.68	21.85	40.20
3-23-79	14.49	24.97	45.94
3-28-80	18.25	31.46	57.88
10-1-81	12.00	26.00	60.85
11-2-81	13.80	29.90	70.40
12-2-81 BPA Credit	11.57	25.45	61.50
2-9-82	12.53	27.58	65.91
8-25-82	17.23	34.45	68.91
2-8-83	17.93	35.86	71.72
4-8-85	20.73	41.47	82.92
10-1-85	20.91	41.82	83.63
7-15-86	20.97	41.95	83.89
12-16-86	21.10	42.21	84.41
8-1-87	21.92	43.85	87.71
6-1-88	22.36	44.71	89.42
2-1-89	23.51	47.02	94.04
		Relative Cost per Kwh (cents)	
2-24-78	2.536	2.185	2.010
3-23-79	2.898	2.497	2.297
3-28-80	3.650	3.146	2.894
10-1-81	2.400	2.600	3.043
11-2-81	2.760	2.990	3.520
12-2-81	2.314	2.545	3.075
2-9-82	2.506	2.758	3.296
8-25-82	3.445	3.445	3.445
2-8-83	3.586	3.586	3.586
4-8-85	4.147	4.147	4.147
10-1-85	4.181	4.181	4.181
7-15-86	4.195	4.195	4.195
12-16-86	4.221	4.221	4.221
8-1-87	4.385	4.385	4.385
6-1-88	4.471	4.471	4.471
2-1-89	4.702	4.702	4.702

WASHINGTON WATER POWER CO.

E. 1411 Mission Ave. (99202)
P.O. Box 3727
Spokane, Washington 99220
(509) 489-0500

501 East Lakeside
Coeur d'Alene, Idaho 83814
(208) 664-0421

411 South Main
Moscow, Idaho 83843
(208) 882-7551

803 Main
Lewiston, Idaho 83501
(208) 743-5541

The company at a glance:

	electric	gas
No. customers --	69,867	21,138
Rate base --	$289,226,000	$17,045,000
Rate of return --	10.95%	12.07%
Residential rate --	4.1811 cents/kwh 1st 600 kwh 4.945 cents/kwh next 700 kwh 5.591 cents/kwh for remainder	$3.28 per mo. +$0.36937/therm

Washington Water Power Co. serves some 70,000 electricity customers and about 21,000 natural gas customers in northern Idaho. In 1989 the Spokane, Washington based utility served about 18 percent of Idaho's electricity customers and supplied 2.7 billion kilowatt-hours—about 14 percent—of theelectrical energy sold in Idaho. The company serves 16 percent of the state's natural gas customers, to whom it supplies 21 percent of the natural gas sold in Idaho. Water Power also serves an extensive area in eastern Washington.

Of Water Power's 1989 revenue from its Idaho electrical operations. 39 percent was from residential customers, 54 percent from commercial and industrial customers, and 6 percent from others. The company sold 34 percent of its electrical energy to residential customers, 54 percent to commercial and industrial customers, and 12 percent to wholesale buyers.

WWP generates most of its electricity at hydropower dams located in Washington, Idaho, and Montana. The company also receives power from thermal plants located in Washington and Montana. A small amount of energy is also purchased from independent power producers in Idaho and Washington.

In 1989, WWP sold 36 million therms of natural gas in Idaho and transported another 45 million therms to industrial customers. Its total Idaho gas revenue was $17.5 million, of which 90 percent was from sales and 10 percent from transportation.

Nearly 43 percent of its Idaho sales revenue was from residential customers and 57 percent from commercial and industrial customers. Of the gas sold in Idaho forty percent of the therms were sold to residential customers and 60 percent to commercial and industrial users.

WWP buys the gas it distributes from Northwest Pipeline Corp. and the Pacific Gas Transmission Co. About half of the gas comes from Canadian reserves.

WASHINGTON WATER POWER CASE REVIEW

INDUSTRIAL CUSTOMER CLASS CAP PROPOSED

Case No. WWP-E-90-3, Order No. 23166

In June 1990, Water Power asked to put a 25 megawatt cap on the average monthly demand of customers who qualify for the utility's large and extra-large general service rates.

Customers whose demand exceeds that amount, which represents about 2 percent of Water Power's system peak, would require a special contract for rates and terms of service. The contracts would require commission approval.

"Capacity requirements of this magnitude have a direct, measurable impact on the company's short- and long-term resource planning," the utility said in its application to revise the industrial schedules. "Additionally, unplanned variations in energy/capacity requirements of this magnitude can have an even greater impact on the company's resource mix."

Potlatch Corp. was the only Idaho customer that would be affected by the proposed cap. The wood products company was served under a contract that expires in 1994.

The commission made a preliminary finding that the proposed tariff revisions are reasonable, non-discriminatory, just and otherwise in the public interest. A public hearing might not be necessary, but the commission delayed Water Power's requested June 14 implementation to allow for public comment.

RISE IN BPA EXCHANGE COSTS DEFERRED TO BALANCING ACCOUNT

Case No. WWP-E-90-1, Order No. 23186

In June 1990, the commission approved Water Power's request to defer to its PCA balancing account $2,661,474 of increased rates the utility pays the Bonneville Power Administration under a 1973 exchange agreement.

The deferral represents 70 percent of Idaho's share of an $11.7 million increase in Water Power's costs under its Washington Nuclear Plant No. 1 exchange agreement with BPA.

Under the WNP-1 agreement, Water Power receives from BPA electrical power equivalent to what it would have received from its 5 percent share of the Washington Public Power Supply System's Project No. 1. In exchange, Water Power has since 1980 paid the rate paid by BPA's public preference customers.

The cost of the exchange agreement took a jump, nearly doubling in July 1990, when it had been presumed WNP-1 would be completed or under construction. In fact, the plant has been "mothballed" since 1982.

ONE-YEAR, 2.5 PERCENT RATE CUT OK'D

Case No. WWP-E-90-2, Order No. 23101

In April 1990, the commission approved a 2.45 percent reduction in Water Power's electrical rates beginning May 1.

The rate reduction rebated to customers $2,247,000 in power cost savings that had accumulated in the company's power cost adjustment (PCA) balancing account by the end of January 1990. The monies reflected water conditions and power sales to other utilities above those normally experienced.

The rate for all classes of customers except lighting service were reduced a uniform 2.45 percent. Company- or customer-owned street and area lighting service rates were cut 2.4 percent. Residential rates were reduced by just over one-tenth of a cent per kilowatt-hour.

In 1989, the commission approved a PCA mechanism that enabled Water Power to defer to a "balancing account" the differences between actual costs and costs based on normalized streamflow conditions. About 60 percent of Water Power's generating capacity is weather-related hydropower.

Projections of the amount of hydropower WWP will produce, of how much power they will sell to other utilities, and of how much coal will be burned -- all dependent on streamflow conditions -- are used to determine the company's revenue needs.

Water Power's rates are based on "normalized" conditions, a 50-year average.

If the total deferred to the balancing account reaches $2.2 million above or below normal, a surcharge or rebate is triggered. The adjustment is limited to a 5 percent rate change lasting one year. In July 1991, the cap becomes 4 percent.

In February 1990, Water Power proposed to delay the $2.2 million 1990 PCA rebate and use it to offset the $2.6 million increase expected in July 1990 in rates paid the Bonneville Power Administration under the WNP-1 exchange agreement.

COSTS OF NATURAL GAS PLANT ALLOWED IN RATES

Case No. WWP-G-88-5, Order No. 22974

In February 1990, on reconsideration of a September 1989 decision, the commission allowed Water Power to add $135,000 to its annual revenue requirement to allow the company to recover its costs for a liquid natural gas plant at Plymouth, Washington.

The increase added about 1 percent to WWP's gas rates, less than half-a-cent per therm.

In its September decision, the commission eliminated $47,237 from the utility's rate base and $126,000 from annual expenses associated with the Plymouth plant. The adjustments reduced WWP's authorized annual revenue requirement by about $135,000.

In an October petition for reconsideration, WWP disagreed with the findings on which the commission based its elimination of the Plymouth plant's costs from rates. The company said the plant plays an integral part in its resource strategy, enabling it to meet system demands under extreme conditions.

At a January public hearing in Boise, WWP officials testified about operation of the Plymouth plant, especially during the February 1989 cold wave that affected its service area in Idaho.

"The clarified testimony with respect to the occurrences of February 1989 and the actual interruption of service to interruptible customers that occurred then has been very helpful to the commission in reanalyzing and reassessing the usefulness of the LNG facility and the unique features it offers," the commission said in its order.

"Of significance, the commission acknowledges that if the company's annual projected load growth estimate (4½ percent mid-range, not including program induced growth) proves to be accurate, the company may be capacity constrained as early as 1993."

LINE EXTENSION POLICY REVISED

Case No. WWP-E-89-4, Order No. 23071

In April 1990, the commission approved changes in Water Power's policies for extending its lines to new customers or upgrading service to existing customers.

Under the new policy, the maximum credit for a residential line extension dropped from $3,450 to $1,000. The maximum allowance for small commercial customers (using less than 72,000 kilowatt-hours a year) became $1,300.

According to Water Power officials, the new policy was designed to reduce cross-subsidization between new and existing customers and to help keep rates stable. The company said the former allowances were too high because the revenue collected from line extensions was not enough to offset revenue required by the added investment.

Under the old policy, the customer was allowed, free of charge, the cost of the transformer, meter, and the service line between them plus up to 300 feet of extension of the primary distribution line. The new policysubstituted a dollar allowance for the footage allowance.

POST FALLS FRANCHISE TAX APPEARS ON UTILITY BILLS

Beginning in January 1990, Water Power customers in Post Falls saw a new, 0.25 percent (one-quarter of 1 percent) franchise tax on their electric bills.

In response to Resolution No. 89-20 of the City of Post Falls, the commission approved adding the city tax to bills covering the period beginning Jan. 1, 1990.

Post Falls is the fourth northern Idaho community to levy a franchise tax on the gross revenues derived from WWP electricity sales within its city limits. The cities of Coeur d'Alene, Worley, and Orofino each collect a 3 [illegible] franchise tax on WWP electricity [illegible].

GAS CONTRACT FOR ALUMINUM RECYCLER OK'D

Case No. WWP-G-89-4, Order No. 22833

In December 1989, the commission approved a special Washington Water Power Co. contract for the sale and transportation of natural gas to IMSAMET, which operates an aluminum recovery plant near Hauser Lake.

"In considering this contract the commission recognizes the competitive environment in which Water Power now operates," the order approving the contract said. "The commission also notes IMSAMET's physical adjacency to PGT [Pacific Gas Transmission] and proximity to Northwest Pipeline.

"Of significance we find the Water Power/ IMSAMET agreement was negotiated and executed prior to PGT's recent policy of openly soliciting industrial end-users," the commission said. "We recognize that failure to approve the contract will free IMSAMET to pursue other suppliers and may result in significant stranded capital investment."

Water Power spent $263,000 to install facilities to serve IMSAMET. The contract rates were designed to recover those costs over the seven-year term of the agreement. The rates also enable WWP to earn its allowed rate of return and recover all costs of serving the new customer. The rates reduced WWP's revenue requirement from other ratepayers by about $48,000 a year.

IMSAMET employed about 80 people in two separate aluminum recovery processes: used beverage can recycling and dross recovery (from Kaiser aluminum slag). The operation consumes a minimum of 4 million therms of natural gas per year.

The contract rates include a $2,300 monthly basic charge, firm transportation at 6.8 cents per therm, interruptible transportation at 2 cents per therm, and sales of WWP-owned gas at its weighted average cost plus transportation.

GAS RATES DROP FOR HEATING SEASON

Case No. WWP-G-89-5, Order No. 22864

In December 1989, the commission approved a natural gas "tracker" designed to reduce Water Power's revenues about $3 million over the next six months and to permanently decrease rates by nearly $600,000 a year.

The 9-cent-per-therm reduction caused more than a $7 drop in the monthly bill of a residential customer using 80 therms of gas. Since the largest part of the reduction occurred during the winter heating season, most customers experienced even greater monthly savings.

The tracker flows through to customers a $1.6 million credit that had accumulated on the company's books since its last tracker in September 1987, a $1.1 million refund of savings from use of the Pacific Gas Transmission pipeline, and about $560,000 in other refunds and adjustments.

The $556,367 permanent decrease reflected changes in the rates WWP pays the Northwest Pipeline for wholesale gas purchases. The permanent decrease equated to a 2-cent-per-therm reduction in residential rates and continued in effect after the tracker reduction ends in June 1990.

Water Power's interruptible and transportation customers received about $1.2 million of the reductions in the form of one-time credits or refunds. Firm customers began to see the rate reductions in their December billings.

REHEARING GRANTED ON NATURAL GAS PLANT RATE TREATMENT

Case No. WWP-G-88-5, Order No. 22837

In November 1989, responding to a request by Water Power, the commission decided to reconsider part of a September order that increased the utility's natural gas rates 9.26 percent.

The commission has scheduled a public hearing in Boise on Wednesday, Jan. 17, 1990 to reconsider its treatment of WWP's investment in a liquid natural gas plant at Plymouth, Washington.

In its September decision, the commission eliminated $47,237 from the utility's rate base and $126,000 from annual expenses associated with the Plymouth plant. These adjustments reduced WWP's authorized annual revenue requirement by about $135,000.

In an October petition for reconsideration, WWP disagreed with the findings on which the commission based its elimination of the Plymouth plant's costs from rates. The company said the plant plays an integral part in its resource strategy, enabling it to meet system demands under extreme conditions.

"We . . . direct the company's attention to the commission concerns expressed in our previous order regarding the 'fit' and continued utilization of an otherwise costly storage facility in the 'least-cost' planning strategy of the company during this period of 'open access' transportation and overcapacity," the commission said in its order granting reconsideration. "We are as yet unpersuaded on the basis of the developed record as to the continued prudence of such investment given the load management and resource option alternatives available."

The commission also cleared up the accounting treatment of more than $21 million in company pension funds to be amortized over the next 10 years. The commission accepted wording suggested by WWP that distinguishes between regulatory and financial reporting of the pension funds. However, the commission denied WWP's request for reconsideration of the pension expense issue.

WEATHER-RELATED "BALANCING ACCOUNT"

Case No. WWP-E-88-3, Order No. 22768

In October 1989, the commission approved an accounting experiment that allowed Water Power to change its rates when extremes in weather cause power costs to vary sharply from those used to set the utility's basic rates.

The commission approved a power cost adjustment (PCA) mechanism that enables the company to defer to a "balancing account" the differences between actual costs and costs based on normalized streamflow conditions. About 60 percent of Water Power's generating capacity is weather-related hydropower.

Projections of the amount of hydropower WWP will produce, of how much power they will sell to other utilities, and of how much coal will be burned -- all dependent on streamflow conditions -- are used to determine the company's revenue needs. Water Power's rates are based on "normalized" conditions, a 50-year average.

If the total deferred to the balancing account reaches $2.2 million above or below normal, a surcharge or rebate would be triggered. A PCA surcharge would be limited to a 5 percent increase lasting one year. In July 1991, the cap becomes 4 percent.

Approval of a PCA mechanism was a condition of WWP's commitment to seek no general rate increases until 1991 and to limit increases to 3 and 4 percent in 1992 and 1993, respectively. That rate moderation commitment was part of a 1988 settlement agreement allowing the company to recover most of its investment in the ill-fated third WPPSS nuclear power plant through management efficiencies and increased power sales to other utilities.

The commission said its approval of the PCA is "experimental and subject to reconsideration or revisitation" during the rate moderation period.

"Acknowledging that in all likelihood we would not be granting approval if there were no rate moderation link," the commission said it intended to terminate the PCA at the end of the rate moderation period, June 30, 1993.

In addition to power cost variations, the PCA allows WWP to defer to the balancing account other expenses the company has no direct control over, such as the cost of buying the output of small power producers as required by federal law. Seventy percent of other contract costs not anticipated in current rates may also be deferred to the account, subject to commission review.

9.26 PERCENT GAS RATE HIKE OK'D

Case Nos. WWP-G-88-5, -89-3, Order No. 22748

In September 1989, the commission approved a 9.26 percent increase in Water Power's Idaho natural gas rates effective Oct. 1. At the same time, the commission approved a contract that lowered the utility's revenue from its largest Idaho customer, Potlatch Corp., about 78 percent.

The combined effect of the actions reduced Water Power's gas revenues about $579,000 a year.

The increase added $3.47 to the average monthly bill of a residential customer using 80 therms per month. However, the increase was offset on Nov. 1, when accumulated savings in the company's cost of gas were passed through to ratepayers.

The commission reduced the overall rate of return Water Power is allowed to earn from 12.07 to 11.02 percent and authorized a 12.75 percent return on equity. The company's Idaho rate base was set at $18.6 million.

The commission rejected a Water Power "management incentive" proposal that would have allowed shareholders to receive 5 percent of any savings in gas costs achieved by buying gas from sources other than Northwest Pipeline. Instead, the commission found it reasonable to pay $58,000 to the company's gas marketing subsidiary for procuring the less expensive gas for Idaho customers.

Valley Action Council was awarded $15,710.33 in intervenor funding for its contributions to the case. The Lewiston-based group appeared on behalf of low-income ratepayers.

MODEL CONSERVATION INCENTIVES OK'D

Case No. WWP-E-89-7, Order No. 22623

In July 1989, the commission approved a Water Power proposal to pay cash incentives to those who built 1989 homes to the model conservation standards adopted by some northern Idaho communities.

Water Power would pay 40 cents per square foot for single-family homes of 1,800 square feet or less and 20 cents per square foot for multi-family dwellings of 1,275 or fewer square feet. The homes must be built after Jan. 1, 1989, with permanently installed electric space heat, in areas where MCS energy efficiency building codes have been adopted.

The commission said the incentive program was needed to prevent further loss of energy conservation opportunities and to promote MCS adoption by local governments in Water Power's service area. The company expected its 1989 costs for the program to be less than $50,000.

The commission approved the proposal on an interim basis, pending the outcome of its investigation of the reasonableness of consumer grants and builder incentives begun when it approved a similar Pacific Power & Light Co. program in May 1989. Both WWP and PP&L must file detailed reports on the programs at year's end.

The commission said that approval of such programs does not mean that their costs may automatically be recovered in the utilities' rates. However, it "is disposed to treat favorably any prudently incurred expenses under this program."

WASHINGTON WATER POWER CO. CASE LISTING

Case no. WWP-	Order No.	Date	Synopsis
E-89-6	22940	1/19/90	Avoided cost determination.
S-89-1	22716	9/1/89	Approved issuance of $100,000,000 in medium-term notes
S-89-2	22761	10/4/89	Authorized issuance of $83,700,000 in Colstrip pollution control revenue bonds.
S-90-1	23034	3/27/90	Approved issuance of $120,000,000 in preferred stock
S-90-2	23035	3/27/90	Approved issuance of 500,000 shares of common stock under Employee Stock Ownership Plan
S-90-3	23190	6/25/90	Authorized issuance 300,000 shares of preferred and common stock
S-90-4	23192	6/22/90	Approved issuance of 500,000 shares common stock under Employee Stock Ownership Plan

WASHINGTON WATER POWER CO.
Electricity

Tariff Changes	Straight Residential (500 Kwh/Mo.)	Residential W/Water Heater (1000 Kwh/Mo.)	Residential All-Electric (1000 Kwh/Mo. 6 Mos.) (3000 Kwh/Mo. 6 Mos.)
		Average Monthly Billing ($)	
4-15-78	9.34	16.07	29.54
10-17-79	9.98	17.15	33.32
8-11-80	10.30	19.00	40.06
12-1-80	10.60	19.68	41.63
10-23-81	10.22	21.36	52.47
11-13-81 BPA Credit	9.00	20.35	48.45
10-1-82	10.14	22.67	52.30
11-1-82	10.34	23.06	53.23
1-31-83	10.38	23.14	53.39
2-9-84	14.45	31.28	70.44
3-30-84	14.58	31.55	70.97
11-19-84	16.15	34.70	76.51
2-1-85	17.84	38.26	84.33
2-26-85	18.03	38.70	85.31
4-5-85	18.10	38.84	85.58
4-7-86	20.03	42.98	94.69
9-15-86	20.91	44.87	98.85
		Relative Cost per Kwh (cents)	
4-15-78	1.868	1.607	1.477
10-17-79	1.996	1.715	1.666
8-11-80	2.060	1.900	2.003
12-1-80	2.120	1.968	2.082
10-23-81	2.000	2.236	2.624
11-13-81	1.800	2.035	2.423
10-1-82	2.028	2.267	2.615
11-1-82	2.067	2.306	2.662
1-31-83	2.075	2.314	2.670
2-9-84	2.889	3.128	3.522
3-30-84	2.915	3.155	3.549
11-19-84	3.230	3.470	3.825
2-1-85	3.568	3.826	4.217
2-26-85	3.605	3.870	4.266
4-5-85	3.620	3.884	4.279
4-7-86	4.005	4.298	4.735
9-15-86	4.181	4.487	4.943

WASHINGTON WATER POWER CO.
GAS

Average Monthly Billing
($)

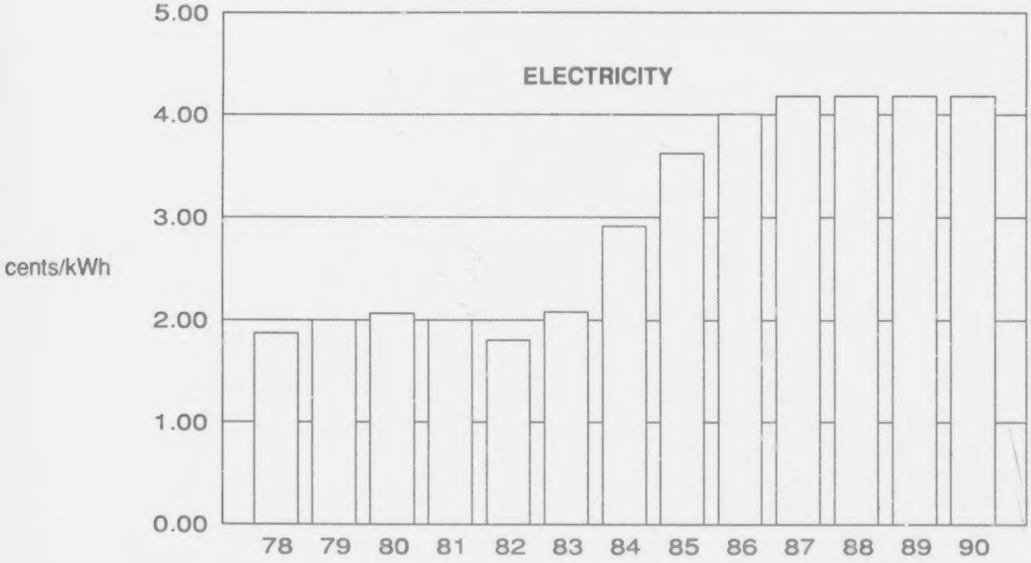
Tariff Changes	Residential 10 Therms	Residential 30 Therms	Residential 90 Therms
10-7-78	5.47	11.21	28.42
10-1-79	5.87	12.02	30.46
4-1-80	6.68	14.43	37.70
8-11-80	6.76	14.67	38.40
10-1-80	7.28	16.25	43.16
12-1-80	7.30	16.30	43.31
4-1-81	7.22	16.05	42.54
10-1-81	7.89	18.08	48.64
10-23-81	8.14	18.82	50.86
1-18-82	8.14	18.82	50.86
10-1-82	8.66	19.98	53.94
11-1-82	9.03	21.08	57.23
12-1-82	8.91	20.72	56.15
1-31-83	8.91	20.73	56.19
4-1-83	8.80	20.39	55.16
4-13-83	8.57	19.71	53.13
10-1-83	8.32	18.97	50.90
4-1-84	8.70	20.12	54.36
6-22-84	8.63	19.90	53.70
11-1-84	8.44	19.31	51.92
6-13-85	8.38	19.15	51.44
8-3-85	8.16	18.49	49.47
10-1-85	8.15	18.44	49.31
11-1-85	7.95	17.86	47.58
11-7-85	8.00	18.01	48.04
4-1-86	7.51	16.52	43.55
11-1-86	6.91	14.74	38.21
12-19-86	7.03	15.08	39.24
5-1-87	7.18	15.53	40.59
6-1-87	7.16	15.46	40.41
10-1-87	7.21	15.62	40.86
10-1-89	7.94	17.26	45.22
2-17-90	7.98	17.38	45.59

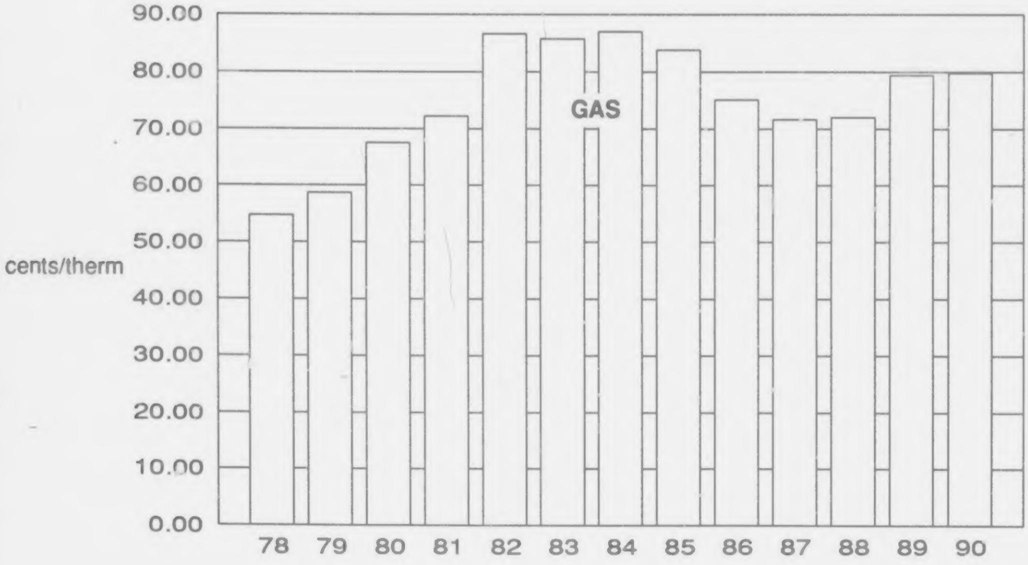
WASHINGTON WATER POWER CO.
GAS

Relative Cost per Therm
(cents)

Tariff Changes	Residential 10 Therms	Residential 30 Therms	Residential 90 Therms
10-7-78	54.70	37.37	31.58
10-1-79	58.70	40.07	33.84
4-1-80	66.80	48.10	41.89
8-[illegible]-80	67.55	48.90	42.67
10-1-80	72.80	54.17	47.96
12-1-80	73.00	54.33	48.12
4-1-81	72.20	53.50	47.27
10-1-81	78.90	60.27	54.05
10-23-81	81.40	62.73	56.51
1-18-82	81.40	62.73	56.51
10-1-82	86.60	66.60	59.93
11-1-82	90.30	70.25	63.59
12-1-82	89.06	69.07	62.39
1-31-83	89.10	69.10	62.43
4-1-83	88.00	67.97	61.29
4-13-83	85.70	65.70	59.03
10-1-83	83.20	63.23	56.56
4-1-84	87.00	67.07	60.40
6-22-84	86.30	66.33	59.66
11-1-84	84.36	64.37	57.69
6-13-85	83.82	63.82	57.17
8-3-85	81.64	61.64	54.97
10-1-85	81.46	61.46	54.79
11-1-85	79.54	59.54	52.87
11-7-85	80.04	60.04	53.37
4-1-86	75.10	55.05	48.39
11-1-86	69.12	49.12	43.60
12-19-86	70.26	50.26	43.60
5-1-87	71.80	51.77	45.10
6-1-87	71.60	51.53	44.90
10-1-87	72.07	52.07	45.40
10-1-89	79.40	57.53	50.24
2-17-90	79.80	57.93	50.66

WASHINGTON WATER POWER CO.
RATE HISTORY





UTAH POWER & LIGHT CO.

1407 West North Temple
Salt Lake City, Utah. 84110
(801) 220-2000

The company at a glance

No. customers --	42,657
Rate base --	$287,593.100
Rate of return --	11.36%
Residential rate --	9.8 cents/kwh Summer 7.5cents/ kwh Winter (less BPA credit of 1.6-2 cents/kwh)

Based in Salt Lake City, Utah Power & Light Co. serves nearly 43,000 customers in southeastern Idaho. With annual sales of about 2.1 billion kilowatt-hours, Utah Power supplies 10 percent of Idaho's electrical needs and is the third largest electric utility in the state.

The company's 1989 revenues exceeded $89 million with 33 percent of the total coming from residential consumers, 55 percent from commercial and industrial users, less than one percent from public streets and highways and the 12 percent from sales to other distributors.

UP&L relies more heavily on thermal generation facilities than any other electric utility in the state and the rates are correspondingly higher. In comparable rate classes UP&L's rates range from one to three cents higher per kwh than the state's other, predominantly hydropower utilities.

In April 1988, UP&L merged with Pacificorp, the parent corporation of Pacific Power & Light Co. UP&L is operated as the Utah division of Pacificorp. The merger expanded transmission access for both UP&L and PP&L and promissed rate reductions to UP&L customers as its benefits are realized.

UTAH POWER & LIGHT CASE REVIEW

END TO LARGE INDUSTRIAL RATE CLASS PROPOSED

Case No. UPL-E-90-1

In June 1990, UP&L asked the commission for authority to remove from the its tariffs the rates for large industrial customers — those with electrical loads over 15 megawatts.

No customer was receiving service under that schedule. Large industrial customers that might qualify for the rate usually negotiate special contract rates with the utility requiring commission approval.

The commission considered the request under modified procedure, accepting comments until June 29, 1990.

FINDINGS RELEASED ON RATE CUT MOST WON'T SEE

Case No. UPL-E-90-1, Order No. 23124

In May 1990, the commission released its findings telling why residential and small farm customers would not see reflected in their monthly bills a 2.7 percent ($2.6 million) decrease in Utah Power's Idaho rates approved earlier that month.

Residential and irrigation customers, whose rates had been receiving a 2-to-3-cents-per-kilowatt-hour Bonneville Power Administration exchange credit, saw little decrease or a slight increase when rates were reduced because the credit was also being decreased.

"It is fair, just and reasonable to implement the decrease by a uniform percentage decrease to the billing components of all customers' rates without regard to partially or to more than fully offsetting changes in the BPA credits," the commission said in its order.

"In elaboration of our findings, we explain why we do not attempt to shield or insulate residential or small farm customers . . . from the effects of a reduction of the BPA credit. The bills that qualifying residential and small farm customers pay to Utah Power are the net of two regulatory regimes.

"The first is under the Idaho Public Utility Law, in which this commission sets rates for all customers (including those qualifying for the exchange credit) in relationships developed under the laws and policies of the State of Idaho," the commission said. "The second is under the Northwest Power Act as administered by BPA, in which qualifying customers of Utah Power in Idaho receive credits from the rates this commission otherwise would set in order to give them some of the benefits of the Pacific Northwest's federal hydroelectric system."

Under an exchange agreement, UP&L residential and small farm customers get a credit representing the difference between the rate set by the PUC and a paper exchange between UP&L and BPA. UP&L sells to BPA at UP&L's average system cost while BPA sells an equal amount of power back to UP&L at BPA's preferred customer rate.

"It is not this commission's policy, nor should it be, to manipulate the rates to ask customers not participating in the exchange to step in at their own expense to replace benefits for qualifying exchange customers that are no longer maintainable under the federal regime," the commission said.

"On the contrary, it would be exceedingly unfair to expect the remaining customers of Utah Power in Idaho, who have never received the benefit of an exchange credit, to forego their fair entitlement in rate reductions because we replace a reduced federal benefit for the qualifying customers."

The commission noted another reason UP&L's residential and small farm customers need no cushion from the effects of losing the BPA credit: More than 40 percent of residential service is provided at the time-of-day rate of just over 4 cents per kilowatt-hour, less than Idaho Power's residential rate, one of the lowest in the nation. More than 90 percent of UP&L's Idaho irrigation service is billed at an interruptible rate of between 2.6 and 2.7 cents/kWh, also substantially below Idaho Power rates.

At a May 4 public hearing, representatives of the Idaho Irrigation Pumpers Association had urged the commission to "spread" the rate decrease in such a fashion that no customer class would get an increase. Because on a percentage basis small farm customers have received a larger BPA credit than residential customers, the loss of part of the credit combined with the 2.7 percent rate decease will mean about a 1 percent net increase in irrigation rates and little net change in residential rates.

"It would send the wrong signal to the irrigation class if this commission were to insulate it from the effects of the BPA credit," the commission said. "First, it would tell those customers that the state intends to supplant reduction in federal credits by use of other customer classes' monies. But this is not the state's responsibility, and it would be unfair to the other classes to do so.

"Second, it would suggest to the irrigation class that it is paying more than its fair share when in fact historic and current cost-of-service evidence suggests exactly the opposite. Third, it would ignore the historic shift of irrigation customers from firm to interruptible service . . . , service for which in recent years pumpers have not had to pay the price of their savings through interruption."

The commission also explained its rationale for allowing Nu-West Industries to share in the rate decrease. In UP&L's proposal, Nu-West, which received a recently approved special contract rate, was to be excluded from the rate reduction.

"We placed Nu-West's rate in a proper relationship with the rates of other customers in the jurisdiction," the commission said. "For that reason, it is appropriate that Nu-West share in the decrease to the same extent as other firm customers in the jurisdiction."

The commission went on to warn that Nu-West's participation in the rate decrease can be a "two-edged sword." Because the revenues UP&L got from Nu-West had now been lumped together with those of the utility's other Idaho customers, Nu-West's rates were now at issue to the same extent as others', the commission noted.

The $2.6 million revenue decrease was the net result of several adjustments: four decreases resulting from refinancing securities, two increases resulting from the expiration of coal royalty credits, and a 1 percent reduction promised Idaho customers when UP&L's merger with Pacific Power & Light Co. was approved in January 1989.

Another part of the decrease resulted from a one-time credit of the remaining "Simonelli" coal case refund begun in August 1987. Nu-West's rates are unaffected by the "Simonelli" credit.

AVOIDED COST RATE HEARINGS CANCELED

Case No. UPL-E-89-5, Order No. 23027

On March 23, 1990, the commission canceled a public hearing scheduled for March 28-29 in Boise in a case to determine the variables used in setting the avoided cost rates for Pacific Power & Light Co. and Utah Power & Light Co.

The rescheduling was prompted by a motion to strike filed by Independent Energy Producers of Idaho. While denying the motion, the commission has allowed IEPI time to file limited additional direct testimony.

IEPI moved to strike testimony filed by the commission staff on the grounds that the testimony was inconsistent with previous commission decisions. If denied its motion to strike, IEPI asked to file additional testimony.

PUC staff engineer Tom Faull portrayed all power resources on line and under construction in the western electrical grid as available as an off-system resource to individual Idaho utilities.

IEPI said Faull's position was inconsistent with a commission order last year finding that utility-specific data, not regional data, should be used in determining a utility's avoided costs.

"IEPI's motion suggested that the very discussion of Western System's load-resource balance was a litigated issue upon which the commission staff made its case and lost," the commission said in denying the motion. "The staff did not make its case and lose. In cases like this, in which the staff acts as an independent arm of the commission for purposes of gathering information and making its independent recommendations to the commission, the staff is not a litigant with a personal stake in the outcome.

"The commission did not adopt the staff's recommendation to use the Western load-resource balance as the basis for calculating a single statewide avoided cost for all Idaho utilities. The commission's finding did not, however, constitute a formal, technical issue preclusion against a party that disallowed the staff from contending the Western System's load-resource balance nevertheless has some relevance. If the staff's continued reference to the Western System's load resource balance is ill-founded, the remedy is substantive, not procedural -- its position will be rejected."

NU-WEST MUST MOVE TO COST-OF-SERVICE BY 1994

Special Contract Extended One Year

Case No. UPL-E-89-7, Order No. 22976

In February 1990, the commission approved the first year of a two-year extension on a special electric rate contract between Utah Power & Light Co. and Nu-West Industries. But the commission rejected the second year of the extension "because it does not contain an additional increment toward cost of service."

The commission said that Nu-West may take service at a rate of 2.85 cents per kilowatt-hour until Aug. 17, 1990, the end of the first year of the contract extension. However, the companies must negotiate a new contract to take effect after that date, with annual steps rising to a 3.5 cent/Kwh cost-of-service rate by Aug. 17, 1994.

"In this case, there are a number of considerations to be taken into account in determining a just, fair and reasonable rate," the commission said in its order. "One is cost of service, and Nu-West is substantially below it.

"Large firm customers require a commitment of generating and transmissions resources, and they should not stay indefinitely substantially below cost of service for the utility serving them. Long-term considerations militate toward cost-of-service rates.

"But selling electricity to new, large customers above marginal costs of production in times of surplus is often beneficial in the short term. These short-term benefits are in tension with the long-term considerations.

"Another consideration is avoiding rate shock and recognizing Nu-West's initially precarious position when it restarted a facility taken over from a bankrupt predecessor," the commission said, referring to Beker Industries, which operated the Conda fertilizer plant until 1986. "But the restart has ended, and the facility is successful.

"We also recognize that Nu-West's principal competitor, Simplot, pays less for electricity at its Don (Pocatello) plant than Nu-West does at Conda, but we give this less weight in the balance than the other factors we have listed, particularly because Simplot pays more for electricity elsewhere, including a fully embedded cost at Don.

"Finally, we recognize that Utah Power's surplus (or the Utah Power-Pacific Power surplus) is decreasing and is expected to end by 1994," the commission said.

August 1987, the companies entered into a contract, later approved by the commission, under which UP&L supplied Nu-West with up to 24 megawatts of electricity for two years. The price of the electricity was 2.4 cents/Kwh the first year and 2.75 cents/Kwh the second year.

In July 1989, UP&L asked the commission to approve a two-year extension of the contract at 2.85 cents/kWh. On Aug. 15, the commission gave interim approval of the contract extension pending its full consideration and invited written comment.

The written comment showed the need for a formal hearing, which was held Dec. 18 in Boise. The commission staff and intervenor J.R. Simplot opposed extension of the amended contract.

Simplot officials argued that Nu-West should receive UP&L's Schedule 9 industrial rate of 5.5 cents/kWh. Simplot, a Nu-West fertilizer competitor, runs a plant near Pocatello, where it receives a 2.1 cent/kWh Idaho Power rate. Simplot also has mine and slurry facilities supplied by UP&L at rates between 4 and 5 cents/kWh.

"This is an instance in which a page of history is worth a volume of logic. Neither El Paso, Agricultural Products, nor Beker ever took service at the Conda facility under a tariff," the commission said. "History suggests that Nu-West should not be required to, either."

"Logic is on history's side," the commission said, comparing the magnitude of the Nu-West load with that of other customers.

Nu-West is UP&L's second largest Idaho customer, using 19 megawatts of electricity at its Conda fertilizer plant and nearby mines. Monsanto's Soda Springs elemental phosphorus plant, using more than 160 MW, is the largest. Nu-West's load is larger than the combined load (13.5 MW) of UP&L's nine Schedule 9 customers in Idaho.

"Nu-West may technically fall within the definition of a Utah Power tariff schedule," the commission said, "but it is reasonable for the Company and for Nu-West to negotiate a separate contract for Nu-West, as Utah Power did for Nu-West's predecessors at the Conda facility."

COMPLAINT PROMPTS RURAL SERVICE INVESTIGATION

Case No. UPL-E-89-9, Order No. 22804

In October 1989, the complaint of a Preston area customer prompted the commission to look into the quality of Utah Power's rural service and how the company deals with claims of damage to customer equipment.

"First, what quality of service can customers of Utah Power reasonably expect in rural areas?" the commission asked in an order opening its investigation.

"In particular:

(1) What is the range of normal or expected voltage fluctuation for Utah Power's delivery of electricity to residential, small business or irrigation service?
(2) What are the company's estimates of the frequency and severity of power surges or voltage drops to customers that are outside this range?
(3) What devices does the company install in its own delivery system to reduce or minimize surges above this range or brownouts below it?
(4) What devices may customers purchase or install, with or without the company's assistance, to protect their electrical appliances from the adverse effect of surges or brownouts?
(5) Are the company's historic standards for allowable fluctuation in voltage and the delivery of electricity appropriate for the microelectronic era?
(6) Does the company have underway any programs to reduce the variability in voltage in its delivery of service to its rural customers?

"Second, when customers bring actions in small claims court, is it or has it been the company's policy to contend that any of its tariff provisions filed with and approved by this commission shield the company from claims of damage to electrical equipment as a matter of law?" the order continued, pointing to provisions dealing with service continuity, customer and company responsibilities, customer equipment, load, and operation, and force majeure. "Does the Company contend in civil actions that any of these provisions shield it as a matter of law from liability for damage to customers' equipment?"

The commission also directed UP&L to investigate and respond to the complaint of Carson H. Bradley of Clifton. In an Oct. 9 letter, Bradley complained of destructive brownouts and power surges.

"We average a major outage once every two weeks," Bradley said. "When they have a brownout, our motors are burned up. When they have a power surge, our electronic equipment is destroyed."

"When I took Utah Power and Light to small claims court (due to my losses), I was informed there were two laws that protected them from any damages they did to the public," Bradley's letter continued.

Because the questions posed were broader than the factual issues underlying the complaint, the commission gave UP&L until Dec. 6 to respond to the order. Normally a company has 21 days to respond to a complaint.

ENERGY CONSERVATION INCENTIVES OK'D

Case No. UPL-E-89-6, Order No. 22706

In August 1989, the commission has approved a Utah Power proposal to help its customers pay for energy conservation.

The program provided cash grants for new homes built to Model Conservation Standards and to existing homes installing storm doors and windows and insulation. The program also supplemented the state's low-income weatherization effort.

"We agree with UP&L's assertion that its programs are needed to prevent further loss of lost-opportunity conservation and to promote MCS adoption by local jurisdictions in the company's service areas," the commission said.

The commission approved the proposal on an interim basis, pending the outcome of its investigation of the reasonableness of consumer grants and builder incentives begun when it approved similar Pacific Power & Light Co. and Washington Water Power Co. programs earlier this year.

The commission said that approval of such programs does not mean that their costs may automatically be recovered in the utilities' rates. However, it "is disposed to treat favorably any prudently incurred expenses under these programs." The utilities must file detailed reports on the programs at year's end.

Under the UP&L program, up to $1,500 will be provided toward the costs of a single-family home built to the energy efficiency standards of the Northwest Power Planning Council. A similar grant is available for the first unit of a multiple-family home, with up to $250 for each additional unit.

An additional $500 per single-family home or $250 per multi-family unit will be paid for homes built with advanced air leakage control and heat-recovery ventilation systems.

Existing homes may receive grants up to the actual cost of weatherization, based on a formula that calculates the cost-effectiveness of various weatherization measures.

The state low-income weatherization plan was limited to improvements with paybacks of up to seven years, or an average of $1,100 per home. UP&L's program supplemented that plan by allowing installation of additional conservation measures with paybacks of up to 10 years, or an addition of about $600 per home.

MONSANTO CONTRACTS ACCEPTED FOR NOW, WITH RESERVATIONS

Case Nos. UPL-E-89-3 & -4, Order No. 22622

In July 1989, in a split decision, the commission approved amendments to Utah Power's contract with its largest Idaho customer, Monsanto Co. But the commission put both companies and other UP&L customers on notice that further investigation was needed to find out whether all of the utility's Idaho rates are in their proper relationship following UP&L's merger with Pacific Power & Light.

"The amendments to Utah Power's 1986 and 1987 contracts with Monsanto are substantive, not technical amendments to the contracts," the commission majority said. "They effectively eliminate the buy-out term in the 1987 contract. They abandon the tracking of changes in fuel costs.

"Nevertheless, despite the rate reduction contained in the substantive amendments, these contracts continue to cover Utah Power's incremental costs of serving the Monsanto load," the commission said.

"In the abstract, focusing solely upon the dispute over the interpretation of the two contracts' fuel adjustment clauses [FACs], the amendments to the contracts are reasonable compromises of differing positions. If our analysis went no further, we could unqualifiedly accept the contracts.

"However, the public interest requires us to go further," the commission said. "First, if Monsanto is correct that the FACs require the merged system's monthly fuel costs to be compared to Utah Power's stand-alone costs before merger, then the FACs themselves may well be unreasonable and contrary to the public interest. And as the Supreme Court of Idaho has repeatedly held, this commission may set aside unreasonable contract terms when they are contrary to the public interest. But we need not pursue so drastic a remedy in this order.

"Instead, we accept these amendments to the contract for the time being with a commitment to further investigation, either informally at the Staff level or formally in a proceeding for Utah Power."

Commissioner Ralph Nelson, dissenting from Commissioner President Joe Miller and Commissioner Perry Swisher, went further in criticizing the new contract and refused to sign off on it.

"This change is more than an amendment; it is a fundamental change in the philosophy of the contract," Nelson said.

"Rather than setting a fixed contribution that Monsanto pays to embedded costs of Utah Power plus a variable fuel cost as the original contract did, the amendment shifts the risk (and the benefits) of changing fuel costs to UP&L," Nelson said in his dissent. "The amendment simultaneously moves the fuel cost to a level much lower than it has previously been during any period of the contract.

"The justification for this low fuel cost is that it is a negotiated figure that falls between what the rate would be under the previous contract and what the rate would be under a new standard comparing Utah Power's stand-alone costs for the base period to merged costs of the current operating period. I find this to be a forced figure that I cannot accept as reasonable interpretation of the contract.

"The implementation of this amendment gives the Monsanto Company a lower power cost than was ever contemplated by the original agreement," Nelson said. "This works to the detriment of Utah Power and ultimately to its other ratepayers. I would reject the amendment."

Commissioner Swisher also offered a separate, but concurring opinion it the case, noting changes in the chemical industry and in electricity transmission and marketing that could affect such contracts.

"The contract changes we approve today may not live to their expiration date," Swisher said.

"The commission's role in these contract matters has been largely reactive. It still is," he said. "I am suggesting that all the players will soon stop building on the old contractual concepts under which these industries matured and turn to new concepts more nearly matching new realities and potential changes as great as those that caused the furnaces to be built."

UP&L JURISDICTIONAL ALLOCATION EXPLAINED

In December 1989, the commission's utility engineering supervisor, David Schunke, prepared the following report:

INTRODUCTION

Questions have been raised as to the proper rates for Monsanto and how they should be treated for the jurisdictional allocation. This report will provide some background to better answer these questions and to determine the rate affect of the revenue requirement changes recommended in the UP&L accounting report.

BACKGROUND

UP&L, like most Northwest utilities, first developed as a hydro-generating utility, but due to the limited hydro resource, soon became predominantly a coal-fired, thermal generating utility (92 percent thermal and 4 percent hydro). Coal-fired steam units were chosen primarily because of the system's high load factor and the ready availability of coal within the company's service area. However, this made it difficult to meet the system peaks.

The large thermal units were unable to respond quickly to changes in load, and the hydro generation was simply too small. Therefore, UP&L was forced to meet their peaks by other means. They contracted with other Northwest utilities for peaking capacity. Because of the load diversity among utilities, and the expanding high voltage transmission system, these exchange contracts were possible. The company also equipped the thermal units with "load following" capability which improved their ability to respond to the peak loads, and interruptible customers were relied upon heavily.

Service to the interruptible customers was priced to recover the variable O&M costs, like fuel, and to provide some contribution to cover the company's fixed costs.

UP&L's merger with PP&L has greatly affected the company's resource mix. Of PP&L's total capacity, 25 percent is hydro and 18 percent BPA purchases both of which are used for peaking purposes. Furthermore, the merged company has increased its load diversity, which reduces the need for peaking facilities.

MONSANTO

All interruptible loads served by UP&L currently are treated as system loads. It is argued that no capacity and only surplus energy is required to serve these loads. Both the revenue and associated costs are allocated to the jurisdictions on the basis of an 8-coincidental-peak (8CP) demand allocator. This means that Idaho is allocated just over 10 percent of Monsanto's revenue and cost.

Because the Monsanto revenue is small compared to their load and because their load has a negative impact on the BPA credit, they would appear to be more of a liability than an asset.

I asked the company to run their jurisdictional model and average system cost calculation to quantify the impact on Idaho. The results of those various runs confirm that treating Monsanto as an Idaho jurisdictional customer would have a negative impact on rates. Independent calculations confirm this.

Since the merger, interruptible loads have become less valuable. Peaks can now be met with PP&L hydro or BPA purchases, and the system load factor has increased with increased load diversity. These factors would indicate that Monsanto's rates may be too low. On the other hand UP&L has not yet reached resource balance and the sale of surplus energy at a rate that exceeds the variable cost by even a small amount is a benefit to all ratepayers. If Monsanto's rates were increased, that would reduce the negative impact to Idaho, but they would have to pay a fully allocated rate about twice their current rate before there would be no negative impact to Idaho.

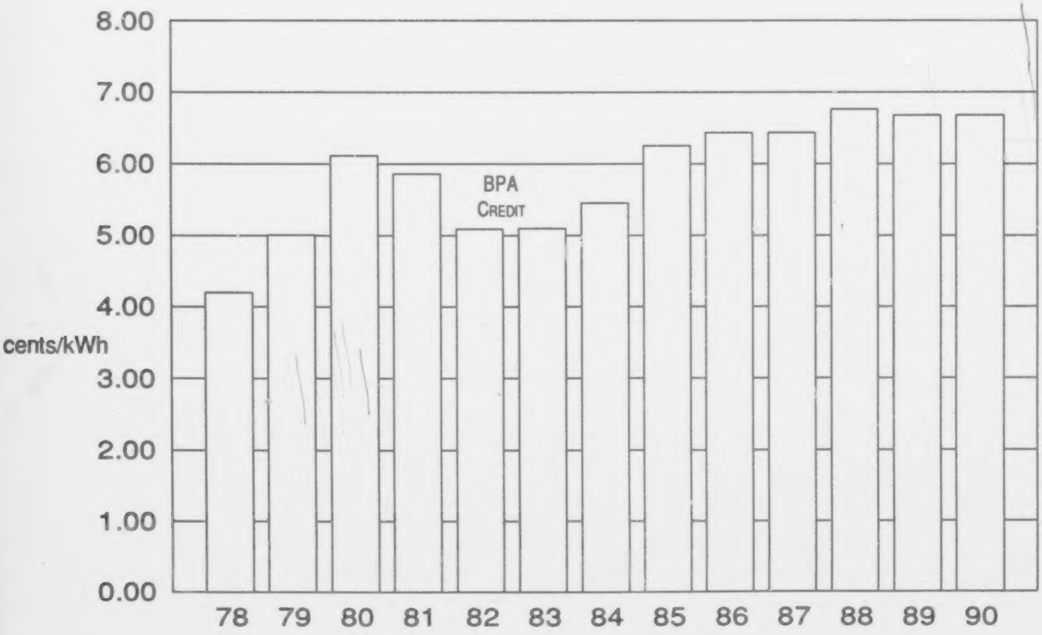
RATES

The accounting report gives a range of revenue requirement changes that may result from a rate case. The rate impact of the various possibilities is about 4 percent for every million dollar change in revenue requirement.

UTAH POWER & LIGHT CASE LISTING

Case No. UPL-E-	Order No.	Date	Synopsis
89-10	23155	5/24/90	CEM entitled to 35-year power purchase agreement at 49.77 mills/kwh
89-11	22960	1/26/90	Proposed change in variable QF rate suspended

UTAH POWER & LIGHT CO.
RATE HISTORY



UTAH POWER & LIGHT CO.

Tariff Changes	Straight Residential (500 Kwh/Mo.)	Residential W/Water Heater (1000 Kwh/Mo.)	Residential All-Electric (1000 Kwh/Mo. 6 Mos.) (3000 Kwh/Mo. 6 Mos.)
Average Monthly Billing ($)			
10/81	20.65	41.30	75.83
10/82	25.46	50.92	94.07
11/82	25.49	50.97	94.39
5/84	24.93	49.87	91.96
9/84	27.27	54.54	100.14
2/85	30.68	61.35	114.38
11/85	31.26	62.52	115.46
4/86	32.17	64.35	118.62
4/88	33.80	67.61	124.54
2/89	33.81	67.62	124.54
3/89	33.40	66.80	123.17
5/90	33.37	66.74	119.46
Relative Cost per Kwh (cents)			
10/81	4.1303	4.1303	3.791
10/82	5.0923	5.0923	4.704
11/82	5.0973	5.0973	4.720
5/84	4.9868	4.9868	4.598
9/84	5.4536	5.4536	5.007
2/85	6.1350	6.1350	5.719
11/85	6.2521	6.2521	5.773
4/86	6.4345	6.4345	5.931
4/88	6.7605	6.7605	6.227
2/89	6.7611	6.7611	6.227
3/89	6.6804	6.6804	6.158
5/90	6.6741	6.6741	5.970

PACIFIC POWER & LIGHT CO.

Public Service Building
920 S.W. 6th Ave.
Portland, Oregon 97204
(503) 464-5000

Sandpoint - 263-3117

The company at a glance

No. customers --	8,815
Rate base --	$11,680,000
Rate of return --	10.04%
Residential rate --	5.018 cents/kwh Net of BPA credit

Portland, Oregon based Pacific Power & Light Co. serves about 9,000 customers in Idaho in the Sandpoint-Clarks Fork area. With annual sales of about 213,700,000 kilowatt-hours, PP&L is the forth largest electric utility in the state, providing about 1 percent of Idaho's electrical needs.

The company's 1989 revenues exceeded $11 million with 43 percent of the total coming from residential consumers, and 56 percent from commercial and industrial users. The remaining 1 percent came from public street and highway demand.

ENERGY CONSERVATION INCENTIVES OK'D

Case No. PPL-E-89-4, Order No. 22737

In September 1989, the commission approved a PP&L proposal to help customers pay for installing energy conservation measures in existing homes.

The program provided cash grants for homeowners installing insulation, storm doors and windows, and supplemented the state's low-income weatherization effort.

"We find that PP&L's programs are needed to prevent further loss of lost-opportunity conservation and will encourage agencies to install more weatherization measures in low-income housing," the commission said.

The commission approved the proposal on an interim basis, pending the outcome of its investigation of the reasonableness of consumer grants and builder incentives begun in May when it approved similar cash incentives for purchasers of new energy efficient homes in PP&L's Idaho service area.

In July and August, the commission approved similar programs for Washington Water Power Co. and Utah Power & Light Co. saying that approval of such programs does not mean that their costs may automatically be recovered in the utilities' rates and that the utilities must file detailed reports on the programs at year's end.

Under the PP&L program, existing homes could receive grants up to the actual cost of weatherization, based on a formula that calculated the cost-effectiveness of various weatherization measures.

The state low-income weatherization plan is limited to improvements with paybacks of up to seven years, or an average of $1,100 per home. PP&L's program supplemented that plan by allowing installation of additional conservation measures with paybacks of up to 10 years, or an addition of about $600 per home.

PACIFIC POWER & LIGHT CO. CASE LISTING

Case no. PPL-E-	Order No.	Date	Synopsis
88-3	22825	10/31/89	$600,000,000 debt issuance.
89-3	23029	3/23/90	Avoided cost determination.
PAC-S-			
89-2	22895	12/22/89	Granted 2-for-1 split of PacifiCorp's common stock.
90-1	23188	6/25/90	Granted PacifiCorp authority to borrow $70,000,000, Pollution Control Revenue Bonds to be issued by Sweetwater County, Wyoming.

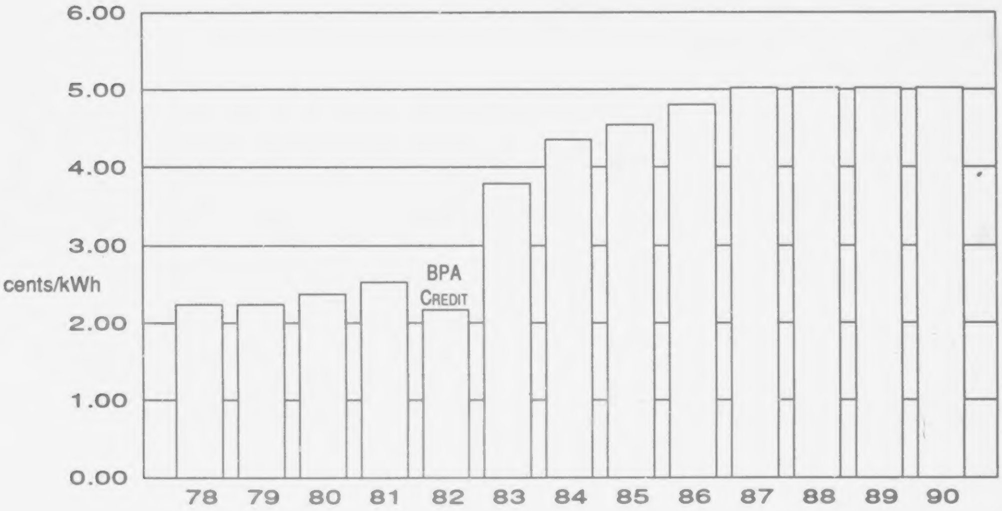
PACIFIC POWER & LIGHT CO.

Tariff Changes	Straight Residential (500 Kwh/Mo.)	Residential W/Water Heater (1000 Kwh/Mo.)	Residential All-Electric (1000 Kwh/Mo. 6 Mos.) (3000 Kwh/Mo. 6 Mos.)
		Average Monthly Billing ($)	
8-1-78	11.19	20.37	38.75
3-4-80	11.87	21.75	41.50
3-22-81	13.21	24.42	46.84
10-1-81 BPA Credit	12.65	23.30	44.60
3-4-82	10.83	25.78	54.94
10-1-82	15.60	31.20	62.40
1-1-83	17.55	35.09	70.18
3-7-83	19.31	38.61	77.22
7-1-83	18.96	37.92	75.84
11-1-83	20.63	41.26	82.52
1-26-84	22.32	44.64	89.28
3-19-84	22.55	45.09	90.18
7-1-84	21.76	43.52	87.04
10-10-84	22.09	44.18	88.36
1-1-85	23.85	47.69	95.38
7-1-85	22.71	45.42	90.84
1-1-86	24.01	48.01	96.02
3-2-87	25.09	50.18	100.36

PACIFIC POWER & LIGHT CO.

Tariff Changes	Straight Residential (500 Kwh/Mo.)	Residential W/Water Heater (1000 Kwh/Mo.)	Residential All-Electric (1000 Kwh/Mo. 6 Mos.) (3000 Kwh/Mo. 6 Mos.)
	Relative Cost per Kwh (cents)		
8-1-78	2.238	2.037	1.938
3-4-80	2.374	2.175	2.075
3-22-81	2.642	2.442	2.342
10-1-81	2.530	2.330	2.223
3-4-82	2.166	2.578	2.747
10-1-82	3.120	3.120	3.120
1-1-83	3.509	3.509	3.509
3-7-83	3.861	3.861	3.861
7-1-83	3.792	3.792	3.792
11-1-83	4.126	4.126	4.126
1-26-84	4.464	4.464	4.464
3-19-84	4.509	4.509	4.509
7-1-84	4.352	4.352	4.352
10-10-84	4.418	4.418	4.418
1-1-85	4.769	4.769	4.769
7-1-85	4.542	4.542	4.542
1-1-86	4.801	4.801	4.801
3-2-87	5.018	5.018	5.018

PACIFIC POWER & LIGHT CO.
RATE HISTORY



CITIZENS UTILITIES CO.

High Ridge Park
P.O. Box 3801
Stamford, Connecticut 06905
(203) 329-8800

612 Cedar Street
Wallace, Idaho 83873
752-1174

The company at a glance

No. customers --	2,101
Rate base --	$1,118,000
Rate of return --	10.44%
Residential rate --	$3.34 / Mo. + 5.115 cents/kwh

Citizens Utilities is headquartered in Connecticut. Its 2,100 Idaho customers are located in the Silver Valley. Citizens annually sells about 28 million kilowatt-hours, less than 1 percent of the state's electrical requirements.

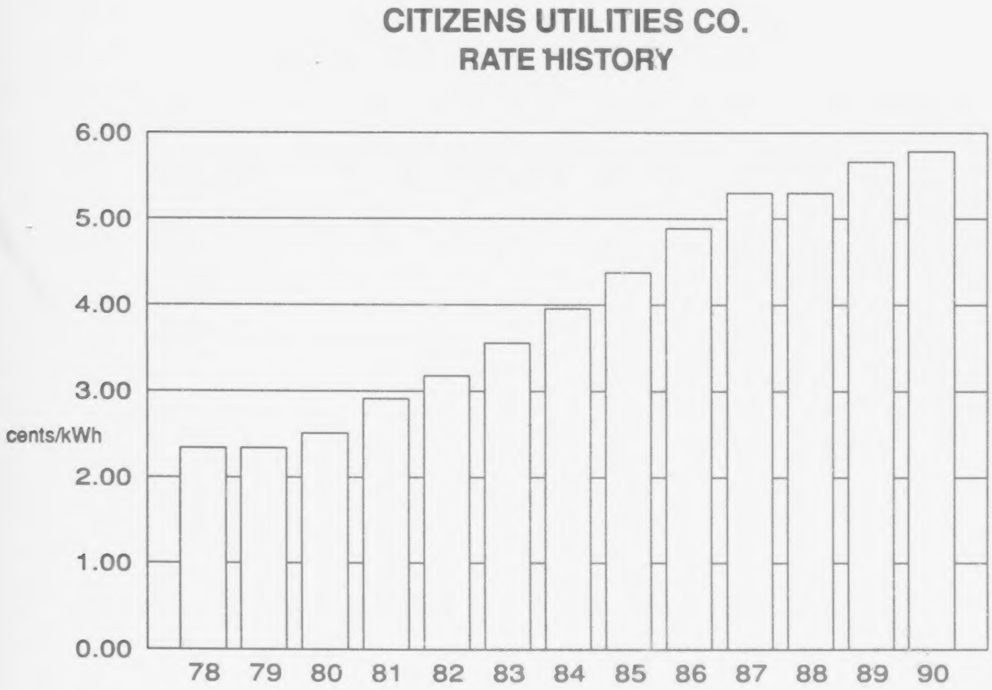
Citizens 1989 revenue exceededed $1.6 million, with 57 percent coming from residential consumers, 32 percent from commercial and industrial users, and the remaining 11 percent from others.

CITIZENS UTILITIES CO. CASE LIST

Case no. CUC-	Order No.	Date	Synopsis
S-89-1	22691	8/15/89	Approved $50 million in debt
S-89-2	22884	1/3/90	Approved $100,000,000 of promissory notes

CITIZENS UTILITIES CO.

Tariff Changes	Straight Residential (500 Kwh/Mo.)	Residential W/Water Heater (1000 Kwh/Mo.)	Residential All-Electric (1000 Kwh/Mo. 6 Mos.) (3000 Kwh/Mo. 6 Mos.)
		Average Monthly Billing ($)	
7-1-78	11.71	20.24	37.30
3-4-80	12.54	22.29	41.78
3-22-81	14.56	26.33	49.86
3-13-82	15.88	28.96	53.71
3-9-83	17.81	32.76	62.66
3-18-84	19.78	36.69	70.52
11-26-84	21.91	40.97	79.07
2-6-86	24.46	45.86	88.66
7-1-86	24.81	46.56	90.06
11-1-87	26.51	49.96	96.86
1-17-89	28.32	53.37	103.47
7-1-89	28.92	54.49	105.64
		Relative Cost per Kwh (cents)	
7-1-78	2.342	2.024	1.865
3-4-80	2.508	2.229	2.089
3-22-81	2.912	2.633	2.493
3-13-82	3.176	2.896	2.686
3-9-83	3.562	3.276	3.133
3-18-84	3.956	3.669	3.526
11-26-84	4.380	4.100	3.950
2-6-86	4.892	4.586	4.433
7-1-86	4.962	4.656	4.503
11-1-87	5.302	4.996	4.843
1-17-89	5.664	5.337	5.174
7-1-89	5.784	5.449	5.282


CITIZENS UTILITIES CO.
RATE HISTORY
cents/kWh
6.00
5.00
4.00
3.00
2.00
1.00
0.00
78
79
80
81
82
83
84
85
86
87
88
89
90

ATLANTA POWER CO.

P.O. Box 357
Fairfield, Idaho 83327
764-2310

The company at a glance

No. customers -- 48
Residential rate -- $50/mo. minimum
(500 kWh/mo. allowance)
5 cents/kwh above 500 kWh/mo.
12 cents/kwh above 1000 kWh/mo.
November-February

Atlanta Power Co. serves about 50 customers in the remote mountain town of Atlanta located in the northeastern corner of Elmore County adjoining the Sawtooth wilderness.

The utility's sole source of electricity is a hydropower plant located below the Kirby Dam on the Middle Fork of the Boise River down stream from the town site.

ATLANTA POWER CO. CASE LIST

Case no. ATL-E-	Order No.	Date	Synopsis
89-1	22889	12/14/89	Investigate $86,336.70 promissory note secured by mortgage of company assets and purportedly issued December 27, 1988 by Lynn Stevenson on behalf of Atlanta Power Company to Lynn Stevenson.
89-1	22969	2/5/90	Granted intervention to Lynn Stevenson

COOPERATIVE and MUNICIPAL ELECTRIC UTILITIES OPERATING IN THE STATE OF IDAHO

The Idaho Public Utilities Commission does not regulate
cooperative or municipal electric utilities.
They are listed here as a courtesy.

ALBION LIGHT & WATER PLANT
P.O. Box 163
Albion, Idaho 83311
(208) 673-5351

BONNERS FERRY LIGHT & WATER
P.O. Box 149
Bonners Ferry, Idaho 83805
(208) 267-3105

BURLEY MUNI. DISTRIB. SYSTEM
P.O. Box 1090, 2020 Park Ave.
Burley, Idaho 83318
(208) 678-2538

CLEARWATER POWER CO.
P.O. Box 997, 4230 Hatwai Rd.
Lewiston, Idaho 83501
(208) 743-1501

DECLO MUNI. ELECTRIC DEPT.
P.O. Box 141
Declo, Idaho 83323
(208) 654-2124

DUBOIS ELECTRIC SYSTEM
Box 27
Dubois, Idaho 83423
(208) 374-5241

EAST END MUTUAL ELECTRIC CO.
528 "E" Street
Rupert, Idaho 83350
(208) 436-9357

FALL RIVER RURAL ELECTRIC
Box AE, 714 Main Street
Ashton, Idaho 83420
(208) 652-7431

HEYBURN ELECTRIC DEPT.
941 18th Street, Box 147
Heyburn, Idaho 83336
(208) 678-8158

IDAHO FALLS ELEC. LIGHT DIV.
P.O. Box 220
Idaho Falls, Idaho 83402
(208) 529-1430

IDAHO COUNTY LIGHT & POWER
P.O. Drawer B
Grangeville, Idaho 83530
(208) 983-1610

KOOTENAI ELECTRIC CO-OP, INC.
P.O. Box "K"
Hayden Lake, Idaho 83835
(208) 772-7551

LOST RIVER ELECTRIC CO-OP, INC.
P.O. Box 417
Mackay, Idaho 83251
(208) 588-3311

MINIDOKA ELECTRIC DEPT.
Minidoka, Idaho 83343
(208) 531-4101

NORTHERN LIGHTS, INC.
P.O. Box 310
Sandpoint, Idaho 83864
(208) 263-5141

PLUMMER ELECTRIC DEPT.
Box B, 880 "C" Street
Plummer, Idaho 83851
(208) 686-1422

PRAIRIE POWER CO-OP, INC.
Box 187
Fairfield, Idaho 83327
(208) 764-2214

RAFT RIVER ELEC. CO-OP, INC.
Box 617, 250 No. Main St.
Malta, Idaho 83342
(208) 645-2211

RUPERT ELECTRICAL DEPT.
P.O. Box 426
Rupert, Idaho 83350
(208) 436-9608

RURAL ELECTRIC COMPANY
P.O. Box 647
Rupert, Idaho 83350
(208) 436-4781

SALMON RIVER ELEC. CO-OP
P.O. Box 384
Challis, Idaho 83226
(208) 879-2283

SNAKE RIVER POWER ASSN.
P.O. Box 617
Malta, Idaho 83342
(208) 645-2211

SODA SPRINGS MUNI. ELEC.
LIGHT AND POWER DEPT.
9 West 2nd South
Soda Springs, Idaho 83276
(208) 547-2151

SOUTH SIDE ELECTRIC LINES
P.O. Box 127
Declo, Idaho 83323
(208) 654-2313

UNITY LIGHT & POWER CO.
P.O. Box 1247
Burley, Idaho 83318
(208) 678-5221

WEISER WATER & LIGHT DEPT.
55 West Idaho Street
Weiser, Idaho 83672
(208) 549-1965

GAS UTILITIES IN IDAHO

The Idaho Public Utilities Commission regulates two natural gas utilities, Intermountain Gas Co. and Washington Water Power Co. Intermountain Gas supplies natural gas to southern Idaho, serving more than 108,000 customers in 64 communities. Washington Water Power has gas operations in eastern Washington and northern Idaho, serving more than 20,000 customers in Northern Idaho.

In June 1990, Mountain Fuel Supply Co. applied to the commission for authority to serve Idaho customers in the Preston area. In anticipation of the request, the commission had worked with the 1990 Legislature to amend *Idaho Code* §61-505 to clarify the commission's ability to contract with neighboring state regulators to regulate rates in Idaho border communities served by the neighboring state's utilities. The amendment encourages such utilities to extend service into Idaho without incurring undue regulatory expense.

Historically, when natural gas reached Idaho communities in the 1950's, all of the local distribution companies' supply came from the Northwest Pipeline Corp. of Salt Lake City, Utah, which serves much of the Pacific Northwest. The pipeline connected the Four Corners fields of the Southwest with Canadian supply.

When OPEC price increases hit oil and gas prices in the 1970's, most of Idaho's gas was coming from Canada. With western Canada export rates linked to Canada's OPEC import costs in the East, prices soared. They topped out in 1982-83, at about $4.40 per 1,000 cubic feet at the border.

Sweeping changes in gas marketing and in federal pipeline regulaton, coupled with the OPEC price collapse and surplus supplies, have dramatically improved Idaho's position since then. (See the summaries for Intermountain Gas Co. and Washington Water Power Co. for 1989 retail rates.)

The greatest change that direct utility access to the gas market brought to Idaho is that in 1988 more than 90 percent—sometimes 98 percent—of Intermountain's supply was bought from producers by the utility itself and transported to Idaho by the pipeline. The resulting competition has reduced fuel costs for Idaho's food-processing and chemical industries.

Because Idaho has seen the least industrial fuel switching (from gas to oil or coal) of any Northwestern state, houselholds and commercial customers, the "core" group, have benefitted as the large industrial volumes helped to cover the utilities' overall operating costs.

Gas cases involving WWP are covered in the electric utility section.

INTERMOUNTAIN GAS CO.

555 So. Cole Road
P.O. Box 7608
Boise, Idaho 83707
377-6000

The company at a glance:

No. customers --	108,062
Rate base --	$66,355,100
Rate of return --	12.34%

Residential rate:

Summer—$2.50 per mo.
+ 54.663 cents per therm
Winter—$6.50 per mo.
+ 43.407 cents per therm

Boise based Intermountain Gas Co. sold nearly 137 million therms of natural gas in 1989 for revenues of $62,591,000. Of Intermountain's 108,000 customers, 86 percent are residential, 13 percent are commercial and less than one percent are industrial.

Residential customers account for 53 percent of therm sales and 58 percent of revenue while commercial customers account for 37 percent of therm sales and 34 percent of revenues. Industrial consumers receive about 10 percent of the therms sold and account for 8 percent of IGC's sales revenue.

In addition, industrial customers obtain most of their own gas and pay Intermountain a fee for transporting it. In 1989, Intermountain received $12,759,000 (about 17 percent of the company's total revenue) for transporting about 193 million therms.

INTERMOUNTAIN GAS CO. CASE REVIEW

GAS COST PASS-THROUGH HIKES RATES

Case No. INT-G-90-2, Order No. 23205

In June 1990, the commission approved, subject to further investigation, a $6.3 million increase in the rates of Intermountain Gas Co. effective July 1.

The effect of the increase was to raise the annual bill of residential customers who use gas for both water and space heat (RS-2) about $10 (4 percent). Those who use gas for only water or space heat (RS-1) saw about $22 (7 percent) added to the annual bill.

Commercial customers received an increase of nearly 8 percent while industrial customers saw about a 36 percent increase in gas transportation rates.

The increase was necessary to track through to customers increases in the cost of gas the company buys from the Northwest Pipeline and from other suppliers.

The commission asked for comments from the company and the commission staff on whether the company should be allowed to keep or share with customers $125,300 in savings due to a change in its natural gas storage operations. The commission also wanted to know whether the approved rates would provide an additional $6.3 million, as claimed by the company, or $6.9 million, as claimed by the commission staff.

INCREASE IN DEPRECIATION RATE SOUGHT

Case No. INT-G-90-1

In May 1990, Intermountain asked the commission to approve an increase in its composite depreciation rate.

Based on a recent study, IGC said it was under-depreciating its assets. The company wanted to increase the rate at which it depreciates its equipment and facilities from 3.36 percent to 3.96 percent each year.

If approved, the increase would decrease IGC's rate base and increase expenses by $831,444 a year, the company said in its application. However, without explanation, the company said it was not seeking a rate increase to recover the proposed increase in depreciation expense.

IGC's filing was in part a response to a commission staff audit and investigation showing that the company might be overearning. The alleged over-earnings would nearly be offset by the revenue impact of the depreciation rate change if adopted.

The commission reserved the right to expand the scope of the depreciation case to a general rate case if it appeared IGC might be overearning. The commission also rejected the company's request that the depreciation proposal be considered by written submissions rather than by hearing.

A prehearing conference to schedule filing and hearing dates in the case was scheduled for July.

REFUND ORDERED

Case No. INT-G-89-4, Order No. 22826

In November 1989, the commission ordered Intermountain to distribute about two-thirds of a $1.7 million Northwest Pipeline refund to its industrial customers and to defer the remaining $600,000 for refund to core customers in the summer of 1990.

The commission rejected a company proposal to refund $1,069,289 to its marketing subsidiary, IGI Resources, which would then distribute the refund to industrial customers based on IGI's internal records of actual volumes of gas transported.

"Rather than distribution through IGI, we authorize distribution only through Intermountain Gas Co.," the commission said in its order. "Distribution shall be by refund check to individual industrial customers based on historical T-5 volumes. The company, prior to distribution, shall secure and provide this commission with an itemized accounting of the volume/refund distribution share of all qualified industrials."

The refund was made to the company because actual costs were below the estimate used for a surcharge included in the pipeline's T-5 transportation rate paid from November 1985 through October 1986. Transportation rates are paid to the pipeline for moving natural gas bought from suppliers other than the pipeline.

The $610,135 refund to Intermountain's core customers—primarily residential and commercial customers unable to buy gas on the open market—was placed in an account for refund July 1, 1990 as part of the company's annual purchase gas adjustment.

CONTRACT WITH ASH GROVE CEMENT OK'D

Case No. INT-G-89-2, Order No. 22799

In October 1989, the commission approved extending to the end of 1990 a contract that gave Ash Grove Cement West Inc. a special rate for natural gas transportation.

"As in our consideration of the prior contract with Ash Grove... the commission continues to find that the displacement of coal with natural gas is of benefit to the state, the ratepayer, and the general public," the commission said. "We further find that the contract rate remains necessary to enable IGC to price natural gas competitively with coal and continue to attract an incremental load that Ash Grove was previously serving with coal."

The special contract, first approved in January 1989, established a rate of 1.6 cents per therm for the transportation of gas to Ash Grove's Inkom plant, located just feet from the Northwest Pipeline, Intermountain's wholesale supplier.

The commission said that the 1.6 cent/therm rate exceeded the cost of providing the service and contributed toward IGC's fixed costs.

The special rate was less than the tariffed rate for gas transportation: 7.4 cents/therm for the first 250,000 therms, 3.5 cents/therm for the next 500,000 therms, and 0.66 cents/therm for more than 750,000 therms each month.

AMALGAMATED SUGAR CONTRACT OK'D

Case No. INT-G-89-3, Order No. 22759

In October 1989, the commission approved extending to the end of 1990 a contract that gives Amalgamated Sugar Co. a special rate for transportation of natural gas to its Nampa, Paul and Twin Falls plants.

The special contract, first approved in 1988, established a rate of 3.5 cents per therm for the transportation of gas in excess of Amalgamated's base load usage for September 1987 through August 1988. The sugar company paid the tariffed rate for transportation of its base load: 7.4 cents/therm for the first 250,000 therms, 3.5 cents/ therm for the next 500,000 therms, and 0.66 cents/therm for more than 750,000 therms each month.

"As in our consideration of the prior contract with Amalgamated . . . the commission continues to find that the displacement of coal with natural gas is of benefit to the state, the ratepayer, and the general public," the commission said. "We further find that the contract rate remains necessary to enable IGC to price natural gas competitively with coal and continue to attract Amalgamated's incremental processing load and to mitigate its incremental coal usage."

The commission said that the 3.5 cent/therm rate exceeded the cost of providing the service and contributed toward IGC's fixed costs.

SPLIT DECISION ALLOTS PIPELINE BILL

Case No. INT-G-89-1, Order No. 22700

In August 1989, in a split decision, the commission ordered Intermountain to pass on $334,329 in direct billing costs from the Northwest Pipeline to industrial customers that bought gas from Intermountain between Sept. 1, 1987 and Aug. 31, 1988.

The commission majority ruled that the utility could not pass on the billing costs to industrial customers that obtained their own gas supplies, which the pipeline and Intermountain transported during the period in question.

Commissioner Swisher dissented from Commission President Miller and Commissioner Nelson. "We must call attention of the utility and of the commission staff to the importance of the change in the nature of the natural gas supply to core customers," Swisher said, referring to residential and commercial customers.

The question of how the pipeline's direct billing costs should be allocated among Intermountain's customers was raised by J.R. Simplot Co., one of the gas company's largest customers. The billing costs were one of the adjustments folded into an overall rate reduction approved by the commission effective July 1, 1989 but subject to later review.

Simplot said that during the period the billing costs were incurred, it did not buy any of its natural gas supply from Intermountain. Instead, the utility was paid to transport gas Simplot purchased in the open market.

"The costs are unusual because they were incurred by the Northwest Pipeline during a transition period, September 1, 1987 through August 31, 1988, when the pipeline was converting to an open access carrier," the commission said. "The costs relate solely to purchased gas costs for sales customers. During this period, however, the pipeline's firm sales customers converted 78 percent of their aggregated contract demand entitlements to firm transportation.

"As a consequence of customer conversion from sales to transportation, Northwest Pipeline was left with substantial unrecovered gas purchase costs," the commission said. "The Federal Energy Regulatory Commission concluded that the unrecovered sales costs were a unique circumstance: '...the dramatic erosion of Northwest's sales base as a result of its transition to open access transportation is an extraordinary, non recurring event...'

The commission majority, following the FERC's lead, decided that only those industrial customers who bought gas from Intermountain while the costs were being incurred would be charged for the direct billing costs. "It would be inequitable to permit Intermountain Gas Co. to shift these gas sales costs, for which IGC is liable to Northwest, to IGC's transportation customers," the commission said.

Swisher's dissent raised a concern that the cost allocation method might be unfair to Intermountain's residential and commercial customers, whose rates include about $1.5 million for the pipeline billings.

"These non-industrial customers are also buying transported gas, even if they don't know it," Swisher said. "Intermountain Gas is buying only 1 percent of its supply from the pipeline. The rest is transported gas, acquired by the utility's unregulated affiliate, IGI Resources, Inc.

"My reading of the record in this case is that core customers were not regarded as also being in a new relationship with the utility respecting their obligation to meet fixed costs," Swisher said. "My concern, is that the methodology is inadequate for the cost and benefit allocation decisions that lie directly ahead."

Swisher noted that other charges associated with purchased gas may also be passed on to core customers who have no choice about their source of supply.

"I see no evidence that FERC intends to protect the core customer from the gas-inventory-charge equivalent of industrial bypass, Swisher said. "I am willing to hope I am wrong, but not to gamble."

INTERMOUNTAIN GAS CO.

Average Monthly Billing
($)

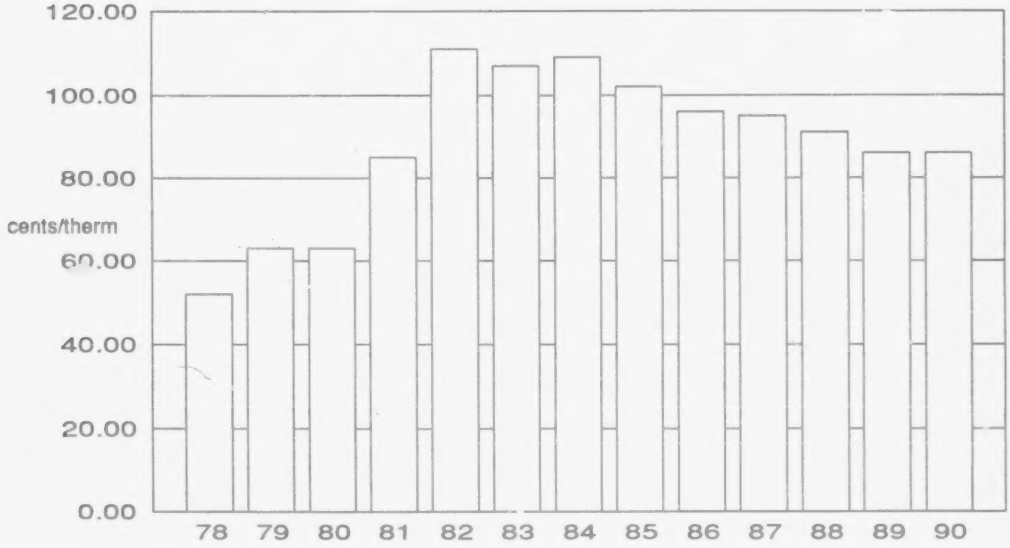
Tariff Changes	Residential 10 Therms	Residential 30 Therms	Residential 90 Therms
2/16/82	10.25	23.07	61.55
10/1/82	10.49	23.81	63.76
11/1/82	10.49	23.80	63.73
12/1/82	11.06	25.50	68.83
4/1/83	10.94	25.17	67.83
4/30/83	10.72	24.51	65.86
10/1/83	10.54	23.95	64.19
4/1/84	10.92	25.08	67.58
7/1/84	10.85	24.87	66.94
11/1/84	10.62	24.20	64.94
5/1/85	10.59	24.11	64.66
6/29/85	10.50	23.83	63.81
10/1/85	10.22	22.99	61.30
11/1/85	10.08	22.57	60.04
4/1/86	9.66	21.33	56.31
11/1/86	9.59	21.12	55.69
1/1/87	9.45	20.69	54.39
2/9/87	9.59	21.11	55.67
4/1/87	9.82	21.79	57.70
5/1/87	9.62	21.20	55.93
7/1/87	9.50	20.84	54.85
10/1/87	9.63	21.23	56.04
10/1/88	9.10	19.64	51.26
7/1/89	8.60	17.70	45.90

INTERMOUNTAIN GAS CO.

Relative Cost per Therm
(cents)

Tariff Changes	Residential 10 Therms	Residential 30 Therms	Residential 90 Therms
2/16/82	1.02	0.77	0.68
10/1/82	1.05	0.79	0.71
11/1/82	1.05	0.79	0.71
12/1/82	1.11	0.85	0.76
4/1/83	1.09	0.84	0.75
4/30/83	1.07	0.82	0.73
10/1/83	1.05	0.80	0.71
4/1/84	1.09	0.84	0.75
7/1/84	1.08	0.83	0.74
11/1/84	1.06	0.81	0.72
5/1/85	1.06	0.80	0.72
6/29/85	1.05	0.79	0.71
10/1/85	1.02	0.77	0.68
11/1/85	1.01	0.75	0.67
4/1/86	0.97	0.71	0.63
11/1/86	0.96	0.70	0.62
1/1/87	0.95	0.69	0.60
2/9/87	0.96	0.70	0.62
4/1/87	0.98	0.73	0.64
5/1/87	0.96	0.71	0.62
7/1/87	0.95	0.69	0.61
10/1/87	0.96	0.71	0.62
10/1/88	0.91	0.65	0.57
7/1/89	0.86	0.59	0.51

INTERMOUNTAIN GAS CO.
RATE HISTORY



INTERMOUNTAIN GAS CO. CASE LISTING

Case No. INT-G-	Order No.	Date	Synopsis
89-5	22782	10/12/89	Approved $28,000,000 of Senior Debentures

TELEPHONE UTILITIES IN IDAHO

The Idaho Public Utilities Commission regulates 17 telephone companies. Eleven are quite small, serving fewer than 2,000 customers each. The smallest, Inland Telephone, serves only 234 customers. The largest, US WEST Communications (formerly Mountain Bell), serves about 300,000 in the larger, more populous southern part of the state and has more customers than all other telephone utilities in the state combined.

GTE Northwest (formerly General Telephone Co.) is the second largest telephone utility in the state. With about 80,000 customers in the Idaho Panhandle, GTE serves about the same number as the remaining 15 telephone utilities combined.

Pacific Northwest Bell (also part of U S WEST Communications) serves 23,000 customers in the Lewiston area, making it the third largest telephone company operating in the state.

As a result of the federally ordered 1984 breakup of the nationwide Bell System, Idaho was divided into three telephone market areas or LATA's (Local Access and Transportation Areas). The southern Idaho or Boise LATA is served by U S WEST, 9 independent companies, and several cooperative and mutual companies not regulated by the commission. The Lewiston and Clearwater River area is part of the Spokane LATA and is served by U S WEST and three independent companies. GTE alone serves the Coeur d'Alene market area.

U S WEST and GTE may carry long-distance calls only within their own market areas—intraLATA. Long-distance calls between market areas—interLATA—or from Idaho to another state—interstate—are carried by AT&T Communications or other long-distance companies.

Alternative long-distance companies like MCI Telecommunications operate in some of the more populous areas of Idaho. In 1987 the commission began an investigation of whether and how these companies should be regulated.

In early 1988, the legislature passed and the governor signed into law the Idaho Telecommunications Act, which allows companies to elect modified regulation of services other than basic local exchange service to five or fewer lines at one location. Enactment of the law rendered moot several cases the commission had been considering.

AT&T Communications, whose in-state long-distance service was regulated by the commission, notified the commission of its election to come under the provisions of the new law on July 1, 1988. US WEST did so on April 1, 1989.

The commission retains its authority to review the quality, availability, terms, and conditons of services offered by "deregulated" phone companies. Upon complaint, the commission may hold hearings and order changes if the public interest is adversely affected.

TELEPHONE CASES OF GENERAL INTEREST

UNIVERSAL SERVICE FUND KEEPS RATES AFFORDABLE

Case No. U-1500-174

Since July 1, 1988, Idaho telephone customers have been paying a small surcharge on their local and long-distance bills. The monies are collected in a Universal Service Fund (USF) and used to offset the high costs of several small phone companies so that their rates will not rise more than 25 percent above the statewide average.

Residential customers pay a local exchange surcharge of 3 cents per month while business customers pay 7 cents per line each month. A four-tenths-of-a-cent per minute surcharge is added to in-state long-distance rates. The USF surcharge collects about $1.8 million per year.

During the 1990 fiscal year, $201,441 was collected from 20 local exchange companies through local monthly surcharges. In addition to 15 regulated phone companies, five mutual and cooperative companies also paid into the USF.

Sixteen long-distance carriers collected a total of $1,657,122 in toll surcharges for the year ending June 30, 1990. Six local exchange companies received USF payments totaling $1,023,588 for fiscal year 1990.

Having begun the year with a balance of $1,001,201, the USF ended with a balance of $1,897,040. Fiscal year administrative expenses for the program totaled $4,156.

The commission adopted the USF in February 1988 "to ensure that reasonably priced telephone service will be available to all telephone customers in Idaho." The high cost fund was the result of an investigation begun in July 1987 following applications from several small phone companies seeking steep local rate increases.

In November 1987, the commission asked the state's phone companies to come up with a consolidated recommendation which would allow all local exchange companies to keep reasonable, affordable rates. The companies in December filed a proposal for the creation, operation, and administration of an Intrastate Universal Service Fund for Telephone Services, which the commission adopted.

With the passage of the Telecommunications Act of 1988, the Idaho Legislature essentially codified in law the USF plan adopted by the commission. The act requires the commission to "establish a universal service fund for the purpose of maintaining the universal availability of local exchange service at reasonable rates and to promote the availability of message telecommunications service at reasonably comparable prices throughout the state of Idaho."

The USF is administered by Vancouver,

UNIVERSAL SERVICE FUND FACTS
FY'90

	Residential	Business	Toll Access
Statewide average rate	$11.51	$27.18	$0.1062
125 % of average	14.38	33.98	0.1327
Surcharge amount	$0.03/mo	$0.07/mo	$0.004/min

Collections

Toll access surcharge	$1,657,122
Local res. & bus. surchg	201,441
TOTAL	$1,858,563

Disbursements

Albion	$ 331,131
Cambridge	276,225
Midvale	122,684
Rockland	122,203
Rural	116,577
Silver Star	54,768
TOTAL	$1,023,588

Washington CPA Craig J. Phillips. Phillips, who administers similar funds for the states of Oregon and Washington, was recommended by a telephone industry board formed at the Idaho commission's request in December 1988.

LONG-DISTANCE RESELLER ORDERED TO COMPLY WITH IDAHO LAW

Case No. GNR-T-88-5, Order No. 23152

In June 1990, the commission ruled that Interstate Telephone Corp. provides telecommunications services for compensation within the state and ordered the Twin Falls-based long-distance reseller to file its price lists, pay a regulatory fee based on its 1989 revenues, and pay into the state Universal Service Fund a surcharge on all in-state toll calls carried since July 1, 1988.

At an April hearing in Twin Falls, ITC president Craig Daley, testified that his company provides a billing service to its customers, that it owns and operates a switch but does not physically provide transmission capabilities.

"Local exchange telephone companies (LECs) operating within the state provide local access services under tariff to other entities," the commission said in an order explaining its ruling. "The purchase of 'local access' from LECs allows other entities to provide telecommunication services as defined by the Idaho Code by tying into the LECs network and/or customer base.

"Access can be purchased for the purpose of receiving originating interexchange calls from customers within local exchange areas or for the purpose of terminating interexchange calls originating from customers in other exchanges or for both. Entities that purchase both originating and terminating access from Idaho LECs are providing intrastate telecommunication service."

The April hearing was held after ITC repeatedly failed to respond to a November 1989 commission order bringing companies that resell long-distance services under the provisions of the 1988 law.

In that order, the commission rejected a settlement proposed by several long-distance companies and ordered them to concede the commission's jurisdiction or prepare to go to hearing.

"Regulation does not and cannot exist based only on the consent of the regulated entity," the commission said. "There is nothing to be gained in delaying a decision on the applicability of the act to the companies claiming to be outside its reach."

Following the November 1989 ruling, Northwest Telco and NTS of Idaho, two of the three companies that proposed the settlement, conceded the commission's jurisdiction.

The case was initiated in October 1988, when the commission ordered telecommunications companies doing business in Idaho to report their status and their plans to comply with the law which had gone into effect in July 1988. Northwest Telco, NTS of Idaho, and Interstate Telephone Corp. said they did not believe they were subject to the act.

The companies said they buy telecommunications services from telephone corporations but do not themselves "transmit any of the signs, signals, images, etc., described in the act." Hearings were scheduled but stayed pending negotiations. In May 1989, a conference was held in Boise to consider a settlement agreement and order proposed by the three companies.

In its November rejection of the settlement proposal, the commission noted that the three companies had not been submitting payments to the Idaho Universal Service Fund.

"Their decision not to submit those funds was based on a fear that payment would somehow constitute an admission that they are subject to the Telecommunications Act of 1988," the commission said. "The commission puts these entities on notice that should this case ultimately result in the application of the act to them, they will be expected to remit all surcharge revenues that should have been paid from July 1, 1988, forward."

DIRECTORY ASSISTANCE RATES TO RISE FOR FIVE SMALL TELCOS

Case No. GNR-T-90-3, Order No. 23050

In April 1990, in a split decision the commission allowed five independent telephone companies to pass on to their customers a 10 percent increase in the cost of calls handled by U S WEST directory assistance operators.

Albion, Cambridge, Midvale, Rockland, and Rural telephone companies increased from $0.30 to $0.33 the charge for a directory assistance call to a U S WEST operator. The companies continued to offer local directory assistance at no charge during regular business hours, when customers may call the companies' business offices directly for information.

Commissioner Perry Swisher dissented. He noted that the commission cannot tell whether the rate increase is cost-justified because the pricing of U S WEST's directory assistance operations are no longer regulated.

"In theory, some other entity could supply directory assistance to Idaho telephone users," Swisher said. "In reality . . . the deregulation scenario implemented in response to a legislative enactment in 1988 is being used to exploit [monopoly] power."

Under the Idaho Telecommunications Act of 1988, U S WEST in 1989 withdrew all but basic local service from the commission's rate-setting authority.

"I respect the implied position of my colleagues that their approval comports with the new law," Swisher said. "I seriously doubt that the legislature intended that one telephone company be able to jack up its rates at the direct expense of the customers of all the others."
Commission President Joe Miller wrote a concurring opinion to explain his vote allowing the increase to be passed through.

"I agree with much of Commissioner Swisher's dissent, but for me the critical question is who, as between the independent company and its customer, should bear the increased expense resulting from the price increase unilaterally imposed by U S WEST Communications" Miller said.

"It is also my understanding that independent companies have no real choice but to purchase directory assistance services from U S WEST Communications. Those services are simply not available from other sources. The independent company does not have any significant ability to negotiate for any other price.

"Thus, the independent company finds itself in a difficult position," Miller said. "This commission will require it to provide directory assistance to its customers, and even in the absence of a regulatory requirement, the independent company would want to provide that service to its customers.

"At the same time, it can only acquire that service from one source, and the price is neither regulated nor negotiable. In regulatory parlance increased expense of this nature is uncontrollable and unavoidable and recovery should therefore be allowed."

FREE PHONE INFO FOR PEOPLE WITH HEARING PROBLEMS

In March 1990, the commission, in cooperation with the Governor's Task Force for Hearing Impaired Citizens, the state's telephone companies, and SHHH (Self Help for Hard of Hearing People), began offering free information for those who have trouble using the phone because of hearing problems.

The task force offered a free, four-page pamphlet with information for people having difficulty hearing while using the telephone. The publication tells what to do and where to go for help:

- If you cannot hear the phone ring;
- If you cannot hear voices clearly on the phone;
- If you are deaf;
- To find the equipment you need, such as amplified or hearing-aid-compatible phones, or TDDs (telecommunications devices for the deaf).
- To find additional information and assistance.

Idaho telephone companies included a message about the pamphlet's availability in their billing envelopes.

"More than 500 pamphlets have already been sent out, as the result of just one phone company mailing that covered only part of northern Idaho," said task force chairman John Centa. "Many of these inquiries requested help in coping with hearing problems not related to the telephone."

CENTRALIZATION EFFECTS ON CUSTOMER SERVICE

Case No. GNR-T-90-2, Order No. 22925

How available is face-to-face service for Idaho telephone customers with billing questions or disputes, or for those who simply want to discuss repairs or service changes with a company representative? That was the central question of a commission investigation begun in January 1990.

The commission asked the state's local telephone companies for the locations and hours of their customer service offices and payment agencies. The investigation was prompted by recent news of consolidation of some of US WEST Communications customer service operations to prepare "for the future by increasing efficiencies and controlling costs."

"At what point does the consolidation of local customer service functions adversely affect customers?" the commission asked in an order initiating its investigation. "The trend in recent years is to consolidate customer service functions at locations that serve state or regional (multistate) areas. Often consolidation entails closing and moving these customer service functions from Idaho. This trend is not peculiar to the telephone industry.

"This is not the first time the commission has expressed its concern about absentee stewardship," the commission said. "In April 1988, the commission found that elimination of local railroad freight agencies 'would not provide convenient, adequate and efficient service to the Idaho shipping public.' In 1987 we directed telephone companies to 'maintain physically accessible offices within their service areas to handle customer transactions.'

"Given this movement toward centralization, it is apparent that some telephone companies view customer service at the local level as expensive, inefficient and unnecessary. Most telephone customers must now resort to seeking answers and settling disputes over the telephone instead of receiving face-to-face customer service. The utilization of payment agencies (where customers may pay their utility bills) appears to be dwindling. Some payment agencies are declining to accept utility bills because an increasing number of customers want to discuss their utility bills.

"Utilities operating in Idaho are statutorily required to maintain adequate and efficient service to promote the comfort and convenience of their customers," the commission said. "The commission continues to believe that telephone customers should be able to talk face-to-face with someone about service changes, repairs, billing questions and dispute resolution.

"We believe that local exchange companies should maintain offices in their service areas that offer the customer face-to-face contact with a company employee. Whether customer service representatives or other operational personnel perform this service is not important. What is important is that telephone employees be reasonably accessible to customers and be able to adequately address customers' concerns."

After reviewing written comments and information from the companies, the commission decided to close its generic investigation and begin an examination of U S WEST Communications' plans to restructure its customer service operations (Case No. MTB-T-90-1).

PRIVACY IMPLICATIONS OF NEW PHONE SERVICES

Case No. GNR-T-90-1, Order No. 22903

In January 1990, the commission opened an investigation to learn how new telephone service offerings such as Calling Party Identification could affect the privacy of Idaho telephone users.

The commission asked Idaho local and long-distance phone companies to answer a series of questions about Automatic Number Identification (ANI), Calling Party Identification (CPI), and other offerings currently available or planned for the future. [See text of questions below.]

"The identification of the calling number may be used for a variety of purposes," the commission said in an order starting its investigation. "In its most benign form, an individual purchaser of the service can decide in advance whether to answer a telephone call, thereby increasing the customer's ability to screen out unwanted calls.

"The commercial marketing applications of ANI and CPI are apparent: Business subscribers can immediately identify the telephone numbers of actual or potential customers (or rivals plying them for information). A customer's telephone number can then be used for subsequent data collection or marketing efforts, regardless of the desire of the customer.

"There is also a darker side to ANI," the commission said. "Social workers, policemen, battered spouses and other persons who must periodically deal with dangerous persons would give up the anonymity of their business or home telephone numbers to any such person who purchased ANI service or the right electronic device. And, in general, persons with unlisted or unpublished numbers give up their freedom from call-back intrusion when they deal with subscribers to ANI."

The commission noted a history of sensitivity to telephone privacy issues dating back to 1982. In that year, it adopted rules on disclosure of phone company records to law enforcement agencies and on release of conversations automatically recorded by government agencies. Last year, the commission required phone companies to notify customers under what conditions unpublished numbers may be released.

QUESTIONS TO PHONE COMPANIES ON PRIVACY ISSUES

I. The Commission is interested in obtaining more information about the availability and applications of ANI and CPI. The Commission therefore requests that interested parties submit written comments addressing the following questions:

1. Are there any parties besides those mentioned above who will use ANI or CPI services?

2. a. What ANI or CPI services (including enhanced 911) do local exchange companies or their affiliates already offer in Idaho?

b. What ANI or CPI services do local exchange companies intend or desire to offer and when?

3. a. What ANI or CPI services do interexchange companies in Idaho already offer?

b. Is it correct that marketing firms and other entities outside the state of Idaho are being provided the telephone numbers of Idaho citizens without the knowledge of the Idaho citizen who makes an out-of-state call?

c. What ANI or CPI services do interexchange carriers intend or desire to offer and when?

4. How do enhanced service providers and information providers intend to use ANI or CPI beyond the functions noted above?

5. Is any information provided by ANI or CPI other than the calling number?

6. a. Are screening or blocking technologies available that prevent the forwarding of telephone numbers, and if so at what cost?

b. What are the plans of Idaho local exchange companies for offering screening or blocking services to customers to prevent their telephone numbers from being identified?

c. Can called parties, currently or in the foreseeable future, obtain ANI or CPI services without the cooperation or assistance of the local exchange carrier or interexchange carrier?

7. a. What alternative methods/ technologies exist that can substitute for the identification of the calling number?

b. What are the costs associated with them?

II. The Commission also recognizes that privacy issues may be far broader than these specific services and that ANI or CPI may be a manifestation of more generic issues inherent in protecting information in an increasingly open network system. The Commission is thus interested in the possibility of developing more general regulatory principles relating to telecommunications privacy. If possible, this would have several advantages: (1) offerers of new services would know in advance how to structure their offerings to meet the principles; (2) a broad set of principles would help in structuring consistent policies; (3) clearly stated principles would help define expectations about privacy; and (4) if privacy protection proceeds in an ad hoc fashion, it may be expensive to superimpose protection on existing hardware and software systems.

The Commission is thus interested in receiving comments on the question of what standards would be appropriate for use by the Commission to judge whether such services should be offered or not or upon what conditions. Questions of a more generic nature include, but are not limited to, the following:

1. a. Is there a minimal level of privacy protection that should be part of basic network service for which no separate charge should exist?

b. Is this minimal expectation of privacy different for business and residential customers?

c. Is it different for those with nonpublished or nonlisted numbers?

2. a. Should the Commission encourage the development and offering of privacy-enhancing service elements in hardware and software? Examples of such services include ANI call blocking, electronic unlisting, and a blocking option against unsolicited telemarketing.

b. What other privacy-enhancing services are conceivably available?

3. a. Should customers be able to purchase added options of privacy protection?

b. Alternatively, should options be available without charge?

4. Who should cover the cost of privacy reduction from the previous status quo that might be associated with any new service?

5. Where tariff services are filed with the Commission, should they be accompanied by a description of the impact, if any, on privacy and the options available to users to protect themselves?

6. Should the Commission require customers to be notified of the jeopardies of the disclosure of privacy?

7. Should providers of telecommunication services under our jurisdiction be required to establish internal protection structures and procedures to protect information about users from unauthorized outsiders and insiders?

8. Should the Commission require the development of network-based options to protect against unsolicited calls?

LINK-UP AMERICA ELIGIBILITY EXPANDED

Case No. GNR-T-88-2, Order No. 22879

In December 1989, the commission added participants in the Low-Income Home Energy Assistance Program (LIHEAP) to those eligible for the Link-Up America program, which halves the cost of installing new phone service for low-income customers. The commission also told phone companies to keep records of the program that will help evaluate its success.

In May 1989, the Federal Communications Commission approved Idaho's participation in the Link-Up plan, which is paid for by interstate long-distance charges. Initially, the Idaho PUC said that those with Medical Assistance or Food Stamp identification cards would be eligible for Link-Up.

"The commission finds that LIHEAP is an appropriate means test to be used for the Link-Up America program in addition to those programs already approved," the PUC said in November, when it proposed expanding Link-Up eligibility. "There are people eligible for LIHEAP and participating in that program who do not participate in other programs previously approved for Link-Up eligibility."

"The commission also finds that it is important to monitor the disconnections rate for nonpayment of those customers who utilize the Link-Up and Lifeline programs," the commission said in November. "This information will be useful in assessing the success of the programs and will assist us in providing an evaluation of them in the legislature."

The commission also told the companies to collect data on how long customers have been without phone service before signing up for Link-Up.

In response to comments, the commission gave phone companies until March 1, 1990 to develop means of tracking disconnections of Link-Up and Lifeline customers. The companies may simply report the number of customers who decline to supply information about how long they have been without phone service.

NEW TELEPHONE CUSTOMER RELATIONS RULES

Case No. 31.D-89-1, Gen'l Order No. 181

In March 1990, the commission revised its rules governing telephone companies' relations with their customers and ordered the companies to implement the new regulations by Sept. 1, 1990.

In March 1989, the commission began a review of telephone company customer relations rules that were originally adopted in 1980.

"Since that time, there have been several watershed events in the telephone industry," the commission said in its order adopting the revisions. "At the federal level, the Bell operating companies providing local service were divested from AT&T providing long-distance service, and the Federal Communications Commission (FCC) increasingly separated the provision of the local loop for telephone service from the provision of telephone instruments, inside wiring, enhanced services, etc.

"On the state level, the 49th Legislature passed the Telecommunications Act of 1988, which provided that at the election of certain telephone companies and as a matter of law for others, this commission's rate regulation and oversight of many aspects of the telephone business would be substantially reduced or eliminated.

"Nevertheless, even after these changes in regulatory policy at the state and federal levels, this commission still retains broad authority over customer relations of all telephone companies operating in Idaho," the commission said. "But in light of those changes, it is appropriate for this commission to revisit its customer relations rules for telephone companies."

The new rules make up an 80-page document and cover a wide range of topics, including deposit and termination requirements, billing and complaint procedures, notice and quality of service requirements.

The rules define "essential service" as local exchange service and primary (1+), "nearby" (intraLATA) long-distance calling. Customers are protected from loss of essential service because of billing or payment problems with non-essential services, such as interstate long-distance or operator service providers.(more)

Under the rules, companies that can separately provide essential and non-essential services are prohibited from denying or terminating essential services for non-payment of bills for non-essential services.

An "anti-slamming" provision of the rules is intended to reduce complaints from customers unwittingly switched from one long-distance company to another. Now, when disputes arise, an alternative long-distance carrier will have to show that the customer authorized the change in writing.

The rules clarify under what conditions long-distance companies may ask for deposits and how phone companies can react to unexplained high usage, for instance, when a customer's monthly bill exceeds $100.

Quality of service expectations include credit for outages lasting more than a day, and provision of a free phone book and a listing for each access line.

The rules spell out what information must be included in phone company billing statements. Various charges must be separately itemized and contact information must be included if the local company bills for a long-distance or operator service provider.

Customers with good credit are entitled to a statement to that effect on their final bills when voluntarily terminating service.

BACKGROUND

In March 1989, the commission directed its staff to conduct a series of workshops "in the hope that the technical 'nuts and bolts' review and amendment of the rules could be carried out in an informal setting away from the time and legal constraints of formally proposed rules." Held in mid-1989, the sessions were attended by representatives of many phone companies and Idaho Legal Aid.

The commission allowed an expanded period for comment on the results of those informal meetings.

"We call interested persons' attention to several broad policies outlined in the rules," the commission said. "First, these Customer Relations Rules apply to traditionally regulated telephone services (Title 61 services) and to unregulated, deregulated, or less tightly regulated services (Title 62 services).

"The statutory schemes of traditional regulation in the Public Utilities law (Title 61) and mixed regulation and competition under the Telecommunications Act of 1988 (Title 62) both contemplate this commission's retention of regulatory authority over quality of service and customer complaints," the commission said.

RULES FOR PRIVATE PAY PHONES REVISED

Some Rules Cleared Up, Some Questions Deferred

Case No. GNR-T-89-3, Order No. 22719

In September 1989, the commission cleared up several issues raised by an investigation of privately owned pay phones begun in July 1989. Other issues were left open to further comment and later consideration and remained unresolved at the end of the period covered by this report.

In response to comments by U.S. West Communications, the commission clarified its requirement that private pay phones not complying with commission rules be disconnected:

"Neither this commission nor the local exchange company is expected to be a policeman roving from privately owned pay telephone instrument to instrument looking for noncomplying customers to disconnect. But U.S. West need not await specific commission directive to disconnect a particular instrument.

"Instead, as with any other customer who does not comply with this commission's or a utility's rules of service, disconnection procedures should be begun according to this commission's rules for disconnection of telephone service if the company is aware of non-compliance," the commission said.

In response to suggestions of its staff, the commission added some labeling requirements for private pay phones. The local number of the pay phone, a list of accepted credit cards, and a statement for phones that do not accept incoming calls must appear nearby.

Existing rules require that the name, address, and phone number of the pay phone owner be posted with a statement that the pay phone is not owned by the local exchange company and that charges made on the phone are not regulated. A notice must indicate the long-distance carrier and operator service provider to which the phone is connected.

The commission left to its comprehensive review of consumer relations rules for all Idaho phone companies (Case No. 31.D-R-89-1) answers to a number of questions and apparent conflicts uncovered by comments on the private pay phone rules. They invited comment on the following:

"Must all pay telephones complete both local and long-distance calls? If not, should toll-only (long-distance) pay telephones be allowed only in a bank of pay telephones where there is also a pay telephone that will complete local calls?

"Should all pay telephones be required to accept incoming as well as outgoing calls?" the commission asked. "Should coinless pay telephones be allowed only if there is access to local operators and emergency services even without a credit card?

"In areas where there is more than one [long-distance] carrier providing service, must all pay telephones provide access to all interexchange carriers legally authorized to provide service? May Pay telephones be connected to the local exchange carrier on trunk lines or behind a vendor's switch as well as a public access line?

"This recitation of these issues serves to alert interested persons to issues that must be addressed in the larger rulemaking," the commission said.

The commission extended to Oct. 1 the date on which the modified private pay phone rules went into effect. A Sept. 1 effective date had been proposed earlier. The commission was expected to complete its overall review of phone company customer relations rules in 1990.

MAVERICK PAY PHONES TO BE DISCONNECTED

Order No. 22614

In July 1989, the commission began proceedings to disconnect privately owned pay telephones that do not comply with commission rules.

"The provision of pay telephone services by persons not telephone companies is clothed with a substantial public interest," the commission said. "The operators of these privately-owned pay telephones are offering to the public a service closely tied to traditional telephone services in an environment in which substantial portions of the public are unaware that the services are no longer provided by a traditionally-regulated utility."

Accordingly, the commission adopted several substantive and informational safeguards concerning the operation of privately owned pay telephones:

- The pay phone instrument must meet Federal Communications Commission standards.
- The phone must allow coin-free operator and 911 or emergency access.
- The phone must be able to complete both local and long-distance calls, and if coin-operated, must accept coins of various denominations and return unused coins for uncompleted calls.
- The name, address, and phone number of the pay phone owner must be posted with a statement that the pay phone is not owned by the local exchange company and that charges made on the phone are not regulated.
- A notice must indicate the long-distance carrier and operator service provider to which the phone is connected.

These requirements already existed as stated in previous commission orders, but now the commission was adopting them as emergency rules. Order No. 22719 adpoted them as permanent rules, but left open the further revision of Rules 9 and 10 governing alternative operator services and pat phones.

U S WEST COMMUNICATIONS

(FORMERLY MOUNTAIN BELL)

P.O. Box 7888
Boise, Idaho 83723
385-2000

The company at a glance:

No. access lines — 307,865*
*Source: FY'90 Rate Case Data Base
(previous reports used FCC Form M)
Rate base — $199,823,000
Rate of return — 11.9%
Residential rate — $12.02 per mo.

US WEST Communications is Idaho's largest telephone utility. Its southern Idaho service area (formerly Mountain Bell's) follows the Snake River valley from the Wyoming border north of Idaho Falls to the Oregon border near Payette. It covers most of the major population centers in the state including Boise, Nampa, Caldwell, Mountain Home, Twin Falls, Pocatello, and Idaho Falls. With about 300,000 customers Mountain Bell is larger than all other telephone utilities in the state combined and more than 4 times as large as the telephone company in second position.

U S WEST COMMUNICATIONS CASE REVIEW

PAYMENT CENTERS TO STAY OPEN

Case No. MTB-T-90-1, Order No. 23179

In June 1990, the commission ordered U S WEST to keep open and monitor the effectiveness of its payment centers in Pocatello and Boise and its payment agency in Rexburg.

These centers were to continue to offer the same level of service they had in the past while U S WEST established additional payment agencies located in businesses such as drug stores and supermarkets in Boise and Pocatello. A committee comprised of commission staff, U S WEST officials and other interested parties were to devise a monitoring plan to evaluate comparative customer service and satisfaction levels at the payments centers and agencies while both operate.

The commission order also cleared the way for U S WEST to complete internal restructuring of its Idaho customer service operations. The company had consolidated its residence marketing operations in Boise and its collection management operations in Helena, Montana. The move forced closure of a Boise collections center and a marketing center in Pocatello.

Restructuring Ill-Advised, Disturbing

"The company may complete its intended closure[of the marketing and credit management centers], and the commission will not order that the centers be reopened," the order said. "Notwithstanding this finding, we take this opportunity to express our view that the restructure program, involving as it does the concentration of service functions in locations that are remote to the company's customers, is ill advised and will be harmful to the company itself in the long run.

"The restructuring program reflects a disturbing trend of cost cutting in the areas of service provision that are labor intensive and an increased reliance on technological solutions to service provision," the commission said. "An inevitable consequence is that so many customers, community spokesmen, and even company employees feel estranged from a company that is an important factor in the economies of southern Idaho communities.

Background

In January, prompted by news reports that U S WEST planned to transfer and consolidate some customer service operations, the commission began an investigation of the adequacy of customer service provided by Idaho local exchange telephone companies.

"At what point does the consolidation of local customer service functions adversely affect customers?" the commission asked in initiating its investigation. The state's regulated phone companies were told to report the locations and hours of their customer service offices and payment agencies.

"Telephone customers should be able to talk face-to-face with someone about service changes, repairs, billing questions and dispute resolution," the commission said. Under Idaho law, public utilities must maintain adequate and efficient service to promote the health, safety, comfort and convenience of their customers.

In March, in addition to recieving comments and petitions from nearly 500 persons, the commission learned of U S WEST plans to close its customer payment centers in Pocatello and Boise in April. These plans were announced through signs and flyers available only at the payment centers.

Based on the comments, the commission scheduled hearings to address the service and payment center closures and told the company that its payment offices "must remain open for U S WEST to perform its statutory obligation to provide adequate and efficient service for the comfort and convenience of its customers."

In 1987, the commission had directed all Idaho regulated telephone companies to "maintain physically accessible offices within their service areas to handle customer transactions."

Hearings in this case were held in Pocatello and Idaho Falls on May 10 and 11. An additional hearing was held in Boise to complete cross-examination of staff witnesses.

MAGIC VALLEY CALLING PLAN

Case No. U-1000-99, Order No. 23169

In June 1990, the commission held a prehearing conference in Boise to discuss proposals for toll-free long-distance calling in the Magic Valley.

In May, the commission asked U S WEST and Filer Mutual Telephone Co. to comment on U S WEST's local calling area plan. The plan would enable customers in certain Magic Valley exchanges to select other exchanges to which they could call toll-free for a monthly fee.

U S WEST advanced the calling area plan in response to petitions for toll-free extended area service from Eden/Hazelton to Jerome and Twin Falls. In January 1989, the commission denied the request for EAS to Jerome but held off a decision on EAS to Twin Falls pending review of the one-way calling plan.

On June 4, the commission staff filed comments evaluating the local calling area proposal. The companies had requested additional time to review the staff comments before filing their testimony in the case.

CHARGE TO SPEED HOOK-UPS TURNED DOWN

Case No. MTB-T-90-2, Order No. 23108

In May 1990, the commission rejected U S WEST Communication's request to charge customers an extra $17 to $22 to get a new phone hooked up ahead of those who pay only the standard $30 connection fee.

"The right to connect to the basic exchange network is not up for auction, and we decline to begin fragmenting society's access to the network by allowing jumping ahead in the queue," the commission said in an order finding that U S West's "Express Service" is not in the public interest. "Prompt connection is every customer's right, not merely those paying a premium."

In April, U S West proposed that residential customers who were willing to pay $22 in addition to the normal $30 and called in by noon could have service connected by 6 p.m. that day. Customers calling in by 6 p.m. who were willing to pay an extra $17 could have service by 6 p.m. the following business day.

The company said customers normally are connected within two business days.

"U SWC's service connections in Idaho are normally quite prompt," the commission said. "The fact that Express Service has been approved in many other states does not indicate a need to have special provisions for prompt connections in Idaho. While Express Service orders would not be taken when the work order schedule is so busy that two-day connections cannot be offered for basic, non-premium connection service, it is less likely ordinary connect orders will be completed in under two days if Express orders continually queue ahead of them."

"We are also concerned that the company will have no incentive to improve its two-day average for basic connection service if it has in place a service fee for faster connections," the commission said. "This commission and the company are rightfully proud of the modern telecommunications network in place across southern Idaho. U SWC ratepayers have financed the past and ongoing technological upgrading of the system, and it is fair and reasonable that they reap the benefits of the automated and efficient system without paying additional fees.

"We are pleased that the majority of customers can be connected within two business days. We understand this represents a one-day improvement from the norm several years ago. However, a two-day service interval may not be the future economically feasible norm. Therefore, we decline at this time to set up a premium payment for improvement of the interval.

"Finally, we note that the company routinely makes decisions about what constitutes an emergency where repair technicians should be dispatched for 'after-hours' or priority service restoral," the commission said. "A similar decision matrix could be used to make same-day or next-day service connections available to customers with emergency or special needs. As with emergency repair service, no premium fee need be required for 'going the extra distance' to provide superior and sensitive customer service."

DISCOUNT ON REGULATED RATES TURNED DOWN

Local Measured Service Option Investigated

Case No. MTB-T-89-4, Order No. 22839

In November 1989, the commission turned down a U S WEST proposal to offer discounts on several of its regulated services.

The commission said U S WEST may not discount services whose rates are overseen by the commission when they are packaged with services whose rates the commission no longer regulates. The commission also denied the company's proposal to offer local measured service in 3-, 6-, 9-, and 12-hour blocks but opened an investigation of some elements of the plan.

"It is unreasonable to allow U S WEST to discount Title 61 services that are packaged with Title 62 services," the commission said. "We concur with the staff's contention that discounting Title 61 services is inappropriate simply because they are bundled with Title 62 services in a package. Requiring customers to pay the local access rates ensures that all customers contribute fairly for access to the network.

"It is not in the public interest to discount the price for nonpublished or nonlisted telephone numbers when bundled with Title 62 services in the TeleChoice service offerings," the commission said. "Not publishing or listing telephone numbers in a telephone directory creates burdens on other customers by increasing the need to call directory assistance thereby increasing operator and data search costs. . . . the cost of maintaining privacy should be borne by the person who desires it. . . . These services should not be discounted.

"The discounting of Title 61 services would affect total company revenues in the revenue sharing formula adopted in Case No. MTB-T-88-13," the commission said. "Although the revenue impact may be minimal, the reduced revenue received from discounted Title 61 services would decrease the percent of total revenue benefitting regulated services. Consequently, we shall prohibit the discounting of all Title 61 services when packaged with Title 62 services."

The commission rejected a U S WEST plan to offer residential and business customers local measured service (LMS) in blocks of time as well as to contine these options in its residential TeleChoice packages. This block-of-time service was to be called local usage option service (LUOS).

Title 61 and Title 62: The commission's traditional regulatory authority is delineated in Title 61 of the Idaho Code. The Idaho Telecommunications Act of 1988 added a new chapter to Title 62 of the code and created a modified form of regulation for telecommunications companies providing other than basic local services in Idaho.

Basic local exchange service to residences and small businesses remains under the commission's rate-setting authority. But a telephone company may elect, as U S WEST has, to remove from the commission's rate-setting authority such non-basic services as custom features like call-waiting and speed dialing.

When U S WEST elected to split its services between Titles 61 and 62, it agreed to share revenue increases resulting from the split with its Title 61 customers.

With LUOS, all residential customers, including those with TeleChoice, could subscribe to local measured service in 3- or 6-hour calling options. Business customers could obtain local measured service in 6-, 9- or 12-hour blocks.

Traditionally customers who make very few local calls save money under the LMS option. Customers who make a large number of calls or desire unlimited local calling could choose flat rate, unmeasured service.

"Based on our review of this issue, we have determined that the offering of LUOS in blocks of time is not just and reasonable for a number of reasons," the commission said. "First, we find: Offering local measured service in blocks of hours could cause migration from flat-rate to measured service. If an increased number of customers moved from flat-rate services to measured service, flat-rate revenue will decrease."

The commission quoted a 1985 order outlining its main concerns with LMS: "that it . . . recover the costs necessarily incurred to provide it, including measurement costs, and that customers are not given an incentive to move quickly in large numbers from flat-rate service to LMS."

In that order, the commission set the monthly access rate for LMS at half the corresponding business or residential flat rate and noted that such pricing "will ensure that the access portion of LMS picks up an equitable share of the costs incurred in providing this service and will also maintain a fair and reasonable relationship between flat rate charges and LMS charges. This access rate will not include any usage."

"This commission continues to believe that local measured service is an appropriate option for Idaho's telephone customers where measurement facilities are available. LMS provides a lower cost alternative to flat-rate service for those customers who are willing and able to restrict their usage."

"Another reason for denying [the LUOS proposal] is that the proposed rates send the wrong 'pricing signals' to customers, or in other words, that the hourly blocks are not priced appropriately," the commission said. In some blocks, the new rates would exceed or equal existing flat rates and cause customer confusion and uneconomic choices.

"The 6- and 9-hour options provide too great an incentive over flat-rate service. The commission found that it would be 'fair and reasonable to set the LMS usage rates so that customers placing less than two-thirds of the average flat rate number of calls during peak periods experience bills less than the flat rate,'" the commission said, citing the 1985 order.

"It is unreasonable to provide LUOS customers with price incentives for usage which exceeds average customer usage. In other words, customers with usage of four hours (two-thirds of six hours) and greater should not be priced lower than flat rate service. It is not fair and reasonable for 6- and 9-hour LUOS customers to pay less than the flat monthly rate."

While turning down the LUOS proposal, the commission was intrigued by its proposed rate structure. "The proposed two-element pricing formula appears to have a number of advantages over the current four-element LMS pricing configuration," the commission said. "To more fully investigate this issue, we will initiate a subsequent investigation into the appropriateness of replacing the current four-element LMS pricing formula with the two-element proposal for LUOS."

The LMS usage rate is based on four price elements: 1) number of calls per month; 2) duration of call; 3) distance for each call; and 4) time of day. As proposed, LUOS has only two rate elements—a monthly charge for the block of calling time and a uniform per minute rate for usage greater than the subscribed time period.

"Finally, there is the issue of the approximate 100 business and 1,500 residential customers who currently subscribe to hourly blocks of LMS as part of their TeleChoice service package," the commission said. "Given the fact that we will initiate an investigation into the structure of LMS rates, the company shall advise the commission on the appropriate action regarding these customers. If it desires, U S WEST may justify in greater detail why its proposed LUOS is appropriate given our comments in this order."

SIX MORE EXCHANGES GET LOCAL MEASURED SERVICE

Case No. MTB-T-89-7, Order No. 22814

In November 1989, the commission approved the offering of local measured service in six additional southern Idaho communities served by U S WEST.

Local measured service enables telephone customers to pay a reduced monthly rate plus a charge for each call made. The per-call charge is based on the time the call is placed, its length in minutes, and its distance within the local calling area.

Beginning Nov. 13, the service became available in Buhl, Castleford, Council, Idaho City, Malad, and Murtaugh as a result of the installation of digital switches in the central offices serving those exchanges.

U S WEST was in the process of upgrading all of its southern Idaho central offices with digital switches as a result of a 1986 PUC order. The costs of the upgrade project are being treated as expenses and are not being added to the company's rate base as an investment upon which shareholders may earn a return.

CUSTOMER NOTIFICATION

Case No. MTB-T-89-5, Order No. 22729

In September 1989, the commission closed its investigation of the company's customer notification policy for price changes no longer regulated by the commission.

"The commission commends the company for withdrawing the price increase previously established without 30 days' notice. We have no quarrel with the company's policy or rationale on this matter," the commission said in its order closing the case.

"We do have an abiding concern for the company's credibility. That is a valuable asset for the company, especially in its deregulated operations. Credibility is what was at risk by actions contrary to the company's previously stated position."

The commission became concerned in August when it learned that U S West was increasing charges for work done on customers' premises and that customers would learn of the new prices only after calling the company's repair center to order service. The unannounced price change appeared to be out of keeping with the company's stated policy of giving customers 30 days' notice of changes to prices not regulated by the commission.

"U.S. West acknowledged the variance from its 30-day notice policy for this nonrecurring, premises wiring service but believes its decision to do so in this case produced the most timely and effective means of informing customers prior to their purchase decision," the commission said.

"The company has thus withdrawn the price increase for the additional 15-minute increments and will refund the difference to those customers who paid that price. U.S. West will in a future bill insert provide 30 days' notice of this price change and reinstitute the price increase.

"The company further clarified its notification policy regarding economically unregulated services. For changes affecting services billed on a recurring monthly basis and purchased from U S WEST Communication service catalogs by the general body of customers, the company will provide 30 days' advance notice of price changes. For services purchased from these catalogs which are billed on a nonrecurring basis, the company will also provide 30 days' notice in addition to verbally quoting these prices to potential purchasers of these services," the commission said.

"Customer notification of price changes for services provided to major business customers will be handled on an individual case basis. The company has frequent contact with these customers who generally have more sophisticated telecommunications needs managed by in-house telecommunications employees. Price changes for these customers are generally developed as service configurations change or as a result of a competitive bidding process.

"In addition, customers who purchase services from the access tariff will be notified on an individual case basis rather than via a bill insert. These contacts will normally be handled by an account representative giving verbal notice followed by a letter to the customer. Price changes for these large business or access service customers will also comply with applicable statutory notice provisions for price changes."

TROUBLE ISOLATION STILL "FREE"

In August 1989, the commission's consumer assistance staff issued a reminder that while U S WEST had increased prices for service calls to repair customer-owned wiring or equipment, there is no additional charge for "trouble isolation" service.

"If you are having trouble with your phone, U S West must determine without charge whether the problem is in its equipment or yours," said consumer assistance chief Beverly Barker. Twenty cents a month is collected in local exchange rates to pay for trouble isolation service.

"If the trouble is in the company's lines or equipment, they have to repair it without charge," Barker said. "If the problem is in your inside wiring or the phone instrument, it's your responsibility.

"You may fix it yourself or hire someone else to repair it, including U S West," Barker said. "Consumers are free to shop around and compare prices for work on their own wiring and equipment."

On July 31, U S WEST implemented the following charges for customers' premises work:

	8 a.m.-5 p.m. Mon-Fri			Sat & aft hrs Mon-Fri			Sundays & Holidays		
	Old	New	Diff.	Old	New	Diff.	Old	New	Diff.
First 30 minutes	$41	$41	--	$55	$55	--	$65	$65	--
Each add'l 15 minutes	9	16	$ 7	15	22	$ 7	20	27	$ 7
One-hour total (includes $20 premises visit chg)	79	93	14	165	207	42	205	247	42

U S WEST COMMUNICATIONS
(FORMERLY PACIFIC NORTHWEST BELL)

1600 Bell Plaza
Seattle, WA 98191
(206) 345-5921

The company at a glance:

No. customers -- 23,464
Residential rate -- $6.48-8.28 per mo.

U S WEST COMMUNICATIONS CASE REVIEW

ONE-PARTY UPGRADE OK'D

Case No. PNB-T-89-2, Order No. 23347

In October 1990, the commission gave final approval to a U S WEST plan to upgrade some 1,300 party-line customers in its northern Idaho service area to one-party service, to eliminate rural mileage charges and to replace older, analog transmission facilities with digital facilities.

Rates will be increased over three years to pay for the upgrade. Revenue lost through elimination of rural mileage charges will be made up by a one-time increase in basic rates on Jan. 1, 1991.

Monthly residential flat rates in Lewiston and Lapwai will rise $0.72 beginning Jan. 1, 1991, and an additional $0.50 in 1992 and 1993. In all other exchanges, the Jan. 1, 1991 residential flat rate increase will be $1.02, with $0.50 increases in 1992 and 1993.

Residential measured service customers in Lewiston and Lapwai will see a $0.56 increase Jan. 1, 1991 and $0.33 increases in 1992 and 1993. In the other exchanges, residential measured service rates will rise $0.86 Jan. 1, 1991 and an additional $0.33 in 1992 and 1993.

On Jan. 1, 1991, monthly business flat rates will rise $1.44 in Lewiston and Lapwai, and $2.04 in other exchanges, with additional $1 increases in all exchanges in 1992 and 1993. Monthly business measured service rates will increase $1.11 in Lewiston and Lapwai, and $1.71 in other exchanges, with $0.67 added in 1992 and $0.66 in 1993 in all exchanges.

Rates for custom calling features, long-distance and other services will also see increases phased in over the next three years to pay for the digital and one-party upgrades. A complete schedule of rate changes is available from the commission.

"What makes this modernization proposal reasonable is that the staff was apparently successful in negotiating a more equitable rate structure than the one the company originally proposed," the commission said in an order. "Recovering the increased revenue requirement from all services, not just local services, represents a more equitable distribution of the rate increases.

"Although we need not now decide whether it would have been fair to recover the increased revenue requirement from just basic local service, we note that all forms of long-distance services will benefit by the improvements to the interoffice transmission facilities as will optional, non-basic service."

U S WEST originally estimated the upgrade project would cost $11.3 million and proposed to recover most of the necessary revenue by raising only basic local rates.

Following public hearings in Grangeville and Lewiston in mid-March, representatives of the company and the commission staff met and worked out a revised proposal, which was submitted to the commission in early July 1990. Under the revision, U S WEST will recover about $8 million in additional revenue over the next nine years from the approved increases in charges.

The commission also approved a one-year "grandfather" period during which multi-party customers may keep their party-line service after one-party lines become available. At the end of the 12 months, all customers must upgrade to one-party service. There will be no service charge for the upgrade.

U S WEST proposed its modernization plan in response to a November 1989 commission request. "Many aspects of economic development depend upon the availability of state-of-the-art telecommunications services which can only be accessed through one-party lines," the commission said in an order opening its investigation.

"The commission is currently considering a similar upgrade of the local service provided by GTE Northwest, Inc. Contel of the West is very close to total one-party service and most of the smaller local exchange companies either already have or are gradually working toward the provision of one-party service in their territories," the order said.

"The commission believes it is appropriate at this time to request that U S WEST provide us with an assessment of the economic feasibility of providing universal one-party service in its PNB territory in Idaho. The company's response shall provide a reasonably specific description of the work necessary to upgrade the facilities including costs, a time schedule, the effects on revenue requirement, and the expected revenue from increased sales.

"The circumstances surrounding each company's progress toward the provision of universal one-party service will be examined carefully and on an individual basis. One-party service will not be ordered simply because it has occurred in other areas of the state. However, the commission is aware that numerous customers in PNB's service territory have requested one-party service. In addition, the network improvement that occurs with the implementation of one-party service would benefit the economic and social infrastructure of the area and the state as a whole."

U S WEST COMMUNICATIONS CASE LISTING

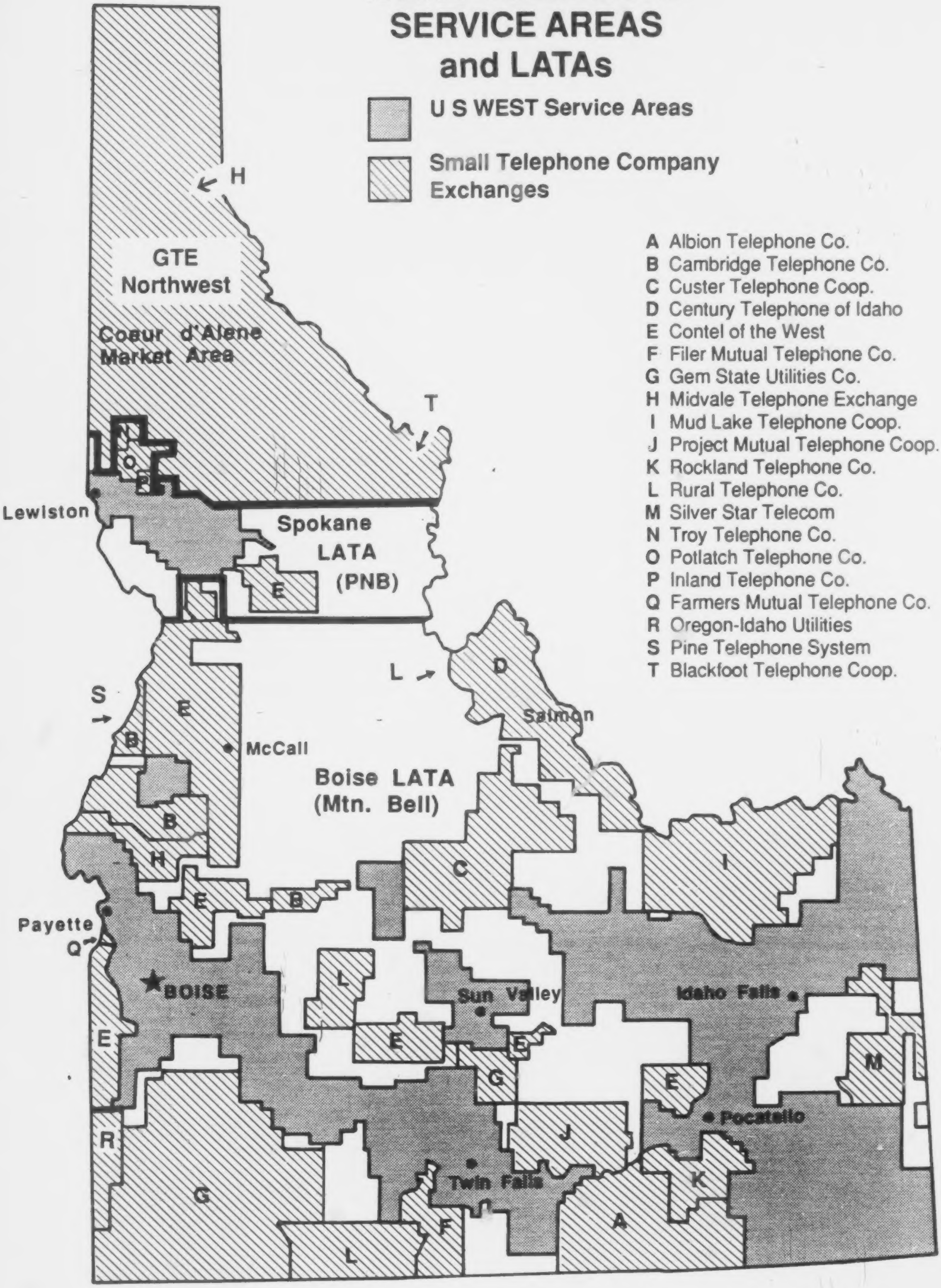
Case no. U-1000-	Order No.	Date	Synopsis
96	22815	10/27/89	Granted staff motion to dismiss case.
MTB-T-88-13	22738	9/20/89	Approved tariffs as outlined in Order No. 22350 (2/27/89); dismissed Case No. MTB-T-88-7; gave final approval to company's revenue sharing plan in compliance with cost allocation provisions of *I.C.* §61-622A; ordered staff to monitor and evaluate revenue sharing plan and report by July 1, 1990.
89-1	22632	7/14/89	Approved Tariff Advice No. 489; approved Pocatello Cellular Wire Center without determination of whether separate wire center is appropriate in all cases. This case, which dealt with the company's election under the Telecommunications Act of 1988 to remove much of its service from the commission's rate-setting authority, was closed on May 24, 1989 by Order No. 22552.
89-7	22814	10/27/89	Approved Advice No. 496 effective November 13, 1989.
89-8	23033	3/27/90	TeleChoice changes approved
90-2	23108	5/9/90	Denied Tariff Advice No. 501.
PNB-T-89-3	23001	3/14/90	Accepted proposal to resolve service issues in the Arrow Junction area of Nez Perce County
90-1	23184	6/29/90	Certificate No. 313 issued to resolve Arrow Junction service issues

IDAHO TELEPHONE SERVICE AREAS and LATAs

▒ U S WEST Service Areas

▨ Small Telephone Company Exchanges

A	Albion Telephone Co.
B	Cambridge Telephone Co.
C	Custer Telephone Coop.
D	Century Telephone of Idaho
E	Contel of the West
F	Filer Mutual Telephone Co.
G	Gem State Utilities Co.
H	Midvale Telephone Exchange
I	Mud Lake Telephone Coop.
J	Project Mutual Telephone Coop.
K	Rockland Telephone Co.
L	Rural Telephone Co.
M	Silver Star Telecom
N	Troy Telephone Co.
O	Potlatch Telephone Co.
P	Inland Telephone Co.
Q	Farmers Mutual Telephone Co.
R	Oregon-Idaho Utilities
S	Pine Telephone System
T	Blackfoot Telephone Coop.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GTE NORTHWEST, INC.

P.O. Box 1003
1800 41st Street
Everett, Washington 98201
(206) 258-5321

Coeur d'Alene - 772-8311

Moscow - 258-0268

The company at a glance:

No. access lines -- 80,300
Residential rate -- $10.25-15.60 per mo.

GTE Northwest (formerly General Telephone Co.) serves about 80,000 Idaho customers, making it the second largest telephone utility in the state. Its service area includes most of the Idaho Panhandle north of Lewiston as well as parts of eastern Washington and western Montana. Major population centers in Idaho served by GTE include Moscow, Coeur d'Alene, and the Silver Valley.

GTE NORTHWEST CASE REVIEW

EMERGENCY CALLER I.D. RATES INVESTIGATED

Case No. GTE-T-90-2, Order No. 23174

In June 1990, the commission began looking into a GTE Northwest proposal to set rates on a case-by-case basis for governments buying automatic number identification (ANI) service for 911 calls.

As a 911 enhancement, ANI service displays the telephone number of single-party callers who dial an emergency dispatch center.

According to GTE, a case-by-case rate-setting arrangement is necessary because the cost of providing ANI varies depending on the type of equipment in each local exchange office.

The company asked to implement a new tariff on June 7 that would spell out the case-by-case pricing arrangement. However, citing the importance and complexity of the issues involved, the commission suspended the effective date of the tariff until October while allowing GTE to charge its proposed rates on an interim basis.

NEW TOLL DISCOUNT PLAN OK'D

Case No. GTE-T-89-7, Order No. 23095

In May 1990, the commission approved new long-distance discount calling plans proposed by GTE Northwest in response to customer dissatisfaction with the company's Toll-PAC (preferred area calling) plan introduced in the fall of 1989.

The new plans, called MARC I and MARC II, offer substantial toll discounts for calls to nearby exchanges:

·Customers subscribing to plan I will pay a monthly fee of $3 (residential), $5 (single-line business), or $8 (multi-line business) and receive a 50 percent discount on calls to all other exchanges within 23 miles of their local exchange central office.

·Under plan II, customers will pay a $4 (residential), $6 (single-line business), or $10 (multi-line business) monthly fee and receive a 35 percent discount on calls to all exchanges up to 40 miles away.

The commission told GTE to implement the plans in all but a few of its northern Idaho exchanges by Aug. 1, 1990. For the border exchanges of Evergreen, Rock Creek, Setters and Tensed, the company had until May 27 to report on technical or billing problems that might preclude offering the discount plans.

The commission denied GTE's request to drop its Econo-Calling plan, which for a minimum charge enables customers for one or two hours a month to call anywhere in the company's northern Idaho market area after 9 p.m. Sunday through Friday, all day Saturday, and until 5 p.m. Sunday.
The commission told the company to include Econo-Calling, along with MARC I and II, as part of its long-distance discount sales package. Customers may choose to subscribe to only one of the three discount plans.

"Econo-Calling, if marketed properly, could meet the needs of GTE's customers," the commission said. "Econo-Calling is primarily designed for customers whose calling needs do not necessitate daytime calls. As evident by the testimony of several public witnesses, customers are generally unaware of this toll service."

To offset an estimated $250,000 per year decrease in toll revenue from the discount plans, the commission approved a 5 percent reduction in discounts for evening and night/weekend long-distance calls. The lower discount recoverS about $290,000 a year.

The evening period discount—on calls made between 5 and 11 p.m. Sunday through Friday—was reduced from 35 to 30 percent. The night-weekend discount was reduced from 50 to 45 percent on calls made from 11 p.m. to 8 a.m. Sunday through Friday, all day Saturday and until 5 p.m. Sunday.

The commission also approved an adjustment to the mileage bands used to calculate GTE's long-distance rates. Mile 23 was added to the 17-22 mile toll band. The result is a 17-23 mile band, followed by a 24-30 mile band. The change reduced the toll rate by about 35 percent on 23-mile routes like Oldtown-Sandpoint and Plummer/Worley-Coeur d'Alene and made the routes eligible for further reduction under optional calling plan I.

An estimated $53,000 in annual revenues was lost by the mileage band change. The decrease is made up through additional calls stimulated by the lower toll and the reduction in evening and night/weekend discounts.

The commission left open the question of whether toll-free extended area service (EAS) should be implemented among the communities of Spirit Lake, Rathdrum, and Bayview/Athol. EAS petitions signed by nearly 1,000 residents of those areas prompted the commission's investigation of GTE's toll discount packages last fall.

"We decline to endorse the company's recommendation that the offering of MARC I and MARC II will completely eliminate the need for present or future EAS routes," the commission said. "If successfully marketed, we believe that the MARC toll plans will significantly reduce the demand for specific EAS routes.

"However, we are not prepared to concede that MARC I and II will take the place of necessary EAS routes," the commission said. "We shall defer making a final ruling on the EAS petitions in this case until the company submits its informational report in August 1991. At that time, we will be able to determine whether the MARC offerings are adequately meeting the calling needs of Spirit Lake and Bayview/Athol customers."

Background

When GTE implemented EAS among its Hayden Lake, Post Falls, and Rathdrum exchanges as ordered by the commission last year, it inadvertently provided Spirit Lake customers with EAS without charge. When the company subsequently discovered its error, it eliminated the toll-free EAS calling.

At the same time, the company's implementation of a new Toll-PAC plan confused and angered some customers. Nearly 1,000 petitioned the commission to order the company to restore EAS and the old PAC plans which Toll-PAC replaced.

About 250 people attended a December hearing in Spirit Lake. Witnesses spoke of the desire for EAS and their dissatisfaction with Toll-PAC and its implementation.

Following the hearing, at the commission's direction, its staff worked with GTE to come up with the optional long-distance discount plan. The staff and company agreed on the plan's structure but not on rates.

GTE proposed a $4 (residential) and $8 (business) fee for plan I and a $5 (residential) and $10 (business) fee for plan II. The staff recommended $2 (residential), $3 (single-line business), and $4 (multi-line business) for both plans.

During April public hearings in northern Idaho, GTE changed its proposal by cutting a dollar off the residential charge — making it $3 for plan I and $4 for plan II.

Priest River-Sandpoint EAS Investigated

At its April hearing in Sandpoint, the commission received an 87-signature petition requesting EAS between GTE's Priest River and Sandpoint exchanges. Public witnesses at the hearing who live in HooDoo Valley said that their phones are connected to the Sandpoint exchange but their mailing addresses and most contacts are in Priest River.

The commission told its staff to investigate the need for EAS between the exchanges and to consider the impact of the new toll discount plans on that need.

ONE-PARTY SERVICE PLAN REVISED

Case No. GTE-T-89-5

In March 1990, GTE Northwest revised a proposal to provide one-party universal service (OPUS) in its northern Idaho service area by the end of 1993.

GTE estimated the cost of the revised proposal at $24.1 million, about $5 million more than a July 1989 estimate. The company attributed the increase to the cost of using digital instead of analog transmission facilities. The digital equipment would lower maintenance costs, improve transmission, and extend new services to rural areas, according to the company.

A rate increase of about $4.3 million would be needed to pay for the OPUS project, the company said in its application. Residential and business rates would gradually increase each year from 1990 to 1993. Average monthly rates would increase as follows:

	Avg '89Rate	1990 Incrs	1991 Incrs	1992 Incrs	1993 Incrs	Avg '93Rate
Residential one-party	$14.10	$1.08	$.46	$.51	$.55	$16.70
Residential multi-party	12.50	1.00	0.50	0.50	0.50	15.00
Business single-line	31.70	2.54	1.06	1.06	1.09	37.45
Business multi-line	35.40	2.83	1.17	1.18	1.22	41.80

GTE also proposed elimination of rural mileage charges, which elimination would result in an additional increase of $1.18 per line in monthly rates. At the time, rural customers paid a monthly fee based upon their distance from an exchange base rate area that conforms approximately to city limits.

GTE proposed completing OPUS according to the following schedule:

1990 Bayview, Clark Fork, Coeur d'Alene, Evergreen, Rock Creek, Cora, Hope, Kellogg (783,784), Mullan, Welleley, Rathdrum, Setters, Lakeview, Wallace.
1991 Harrison, Hayden Lake, Moscow, Post Falls, Sandpoint, Spirit Lake.
1992 Bovill, Deary, Genesee, Peck, Pierce, Kellogg-Pinehurst (682, 786), Plummer-Worley, Potlatch, St. Maries, Tensed-Bluebell, Weippe.
1993 Bonners Ferry, Oldtown/Albeni, Orofino, Priest Lake, Priest River.

At the conclusion of GTE's last general rate case in May 1989, the Idaho Public Utilities

Commission directed the company to come up with a way to make one-party service available to all of its 17,000 customers who then had party-line service.

In July 1989, the company submitted an OPUS proposal that the commission found deficient. While estimating total project costs at $18.9 million, the application failed to indicate whether a rate increase would be needed to pay for the upgrade.

The initial application also failed to estimate the project's annual costs or to detail the schedule for construction in each of the company's exchanges. The revised proposal was submitted on Jan. 31, 1990.

MIDVALE TELEPHONE TO SERVE EAST SIDE OF LAKE PEND OREILLE

Case Nos. GTE-T-89-3, Order No. 23100

In April 1990, the commission denied GTE Northwest's application to extend telephone service to the east side of Lake Pend Oreille and granted Midvale Telephone Co.'s application.

"Between the two plans, we find: The Midvale service proposal can be implemented at lower total cost and per customer cost than GTE's plan," the commission said.

Midvale estimated the total costs for the project at $243,000 and proposed monthly charges of $14.80 for residential and $22.50 for business customers. GTE estimated a capital cost of $311,000 and monthly residential rates of $24.75. Midvale proposed to charge its usual $25 connection fee. GTE officials testified that their installation charge could be set up on a payment plan of about $40 per month for five years.

PUC staff utility engineer Randy Lobb recommended that Midvale be authorized to provide the service. Lobb estimated that Midvale would have to draw about $4,300 a year from the state's Universal Service Fund, which was created to moderate the high costs of providing phone service to some areas.

"Although we agree with staff witness Lobb's observation that either company could adequately provide service, the deciding factor is Midvale's lower costs," the commission said. "We acknowledge that there was contested testimony concerning Midvale's cabling and interconnection costs but the weight of the evidence supports Midvale's lower costs.

"Authorizing Midvale to serve this area is not without some concern. We note that its revenue projections did not foresee any need to draw upon the state USF. We agree with staff witness Lobb's calculation that the company will probably require some revenue from the Universal Service Fund. With this concern in mind, Midvale should carefully monitor its costs so as to minimize the need for USF revenue.

"GTE's proposal did contain some attractive features," the commission said. "GTE's proposal to serve Lakeview through its Sandpoint exchange, thereby creating a larger calling area, is ordinarily viewed as a significant benefit. However, in this case the benefit of the larger calling area was overshadowed by Midvale's lower costs. The public testimony at our Lakeview hearing demonstrated that customers are primarily motivated to obtain telephone service based on the initial cost of service."(more)

In April 1989, the commission began to look into the feasibility and cost of extending telephone service to the east side of Lake Pend Oreille. For more than a year, the commission had been receiving requests from Granite View, Cedar Creek, and Lakeview area residents for help getting phone service.

The commission held a hearing in Bayview in October 1989 on GTE's proposal to serve the Lakeview area. At the hearing Midvale said it would soon file an application to serve the area, which it did in December. The commission treated the companies' applications as competing bids exclusively to serve the area.

The commission held additional hearings in Sandpoint on April 5, 1990 at which the companies provided the details of their proposals and the commission staff made its recommendations.

PRIEST RIVER UPGRADE SLATED FOR SEPTEMBER '90

Case No. GTE-T-89-6

In February 1990, the commission received word that GTE planned to replace outmoded equipment serving the Priest River area with a new, digital switch by Sept. 30, 1990.

In August 1989, about 80 Priest River area residents complained to the commission about "deplorable" phone service, alleging many outages, frequent background noise, an inability to disconnect completed calls, and difficulty placing long-distance calls.

Answering a commission summons, GTE admitted that the electro-mechanical switch serving the Priest Lake exchange has not always performed to the company's standards.

GTE assigned a full-time technician to maintain the troublesome switch and advanced the planned replacement of the switch to late 1991. Originally, the switch was scheduled for replacement in 1995.

In October 1989, the commission commended GTE for its corrective actions and asked the company to see if the old equipment could be replaced sooner than the end of 1991.

In February 1990, the commission received a letter from Fred Logan, GTE's director of regulatory affairs in Everett, Washington. Logan said the company has selected a DMS 10 switch to serve the Priest River area by Sept. 30.

NEW CHARGES IN PLACE WHILE OPUS IS CONSIDERED

Case No. GTE-T-89-4, Order No. 22655

In August 1989, the commission approved a new schedule of one-time charges for new connections and service upgrades ordered while a company proposal is considered to make one-party phone service available to all of its northern Idaho customers by 1994.

Beginning immediately, new customers requesting service where there are no outside facilities and existing customers requesting an upgrade from party-line to one-party service paid a zone connection charge. The zone connection charge is lowest in Zone 1 (the zone in which the central office is located) and increases as zone numbers increase due to distance.

The zones vary in width, with boundaries generally conforming to section lines. Zone 2 occupies the area roughly one to two miles from the central office; Zone 3, the area about two to four miles out; Zone 4, the area about four to six miles out; Zone 5, the area about six to nine miles out; etc. In cases where the cost of extending new service exceeds $7,500, the customer will pay 50 percent of the excess cost as well as the zone connection charge.

The zone connection tariffs were approved on an interim basis while the commission considered GTE's proposal to begin a $19 million, four year construction program to provide facilities that will enable about 16,000 customers with party-lines to have one-party service—one-party universal service (OPUS).

The zone connection charges "will prevent the inequitable treatment of customers who may request upgrades or new service extensions during the time the OPUS plan is being considered," the commission said.

The company informed the commission staff that it wanted to eliminate zone charges for upgrades to one-party service as adequate facilities are completed on an exchange-by-exchange basis.

"Our interim decision is partially based on the eventual removal of zone regrade charges, but we note that the company's OPUS application did not state this intention," the commission said. "To the extent that customers wait for completion of the OPUS upgrade project before requesting service upgrades, the task of completing the upgrades will proceed in a more orderly manner.

"Our adoption of the connection charge tariff is interim in nature and the final tariff approved after the consideration of the OPUS proposal may differ," the commission said. ". . . charges may be more for service upgrades before the OPUS project than after its completion."

The following table indicates the zone connection charges for various requests:

	New Connection	4-Party Upgrade	2-Party Upgrade
Zone 1	$ 26.00	no charge	no charge
Zone 2	71.00	$ 56.80	$ 42.60
Zone 3	160.00	128.00	96.00
Zone 4	247.00	197.60	148.20
Zone 5	335.00	268.00	201.00
Zone 6	424.00	339.20	254.40
Zone 7	512.00	409.60	307.20
Zone 8	601.00	480.80	360.60
each add'l zone	88.80	71.04	53.28

The zone connection charges replaced GTE's former line extension tariff, which allowed a new customer 660 feet of new line at no charge and charged the customer $0.25 per foot for anything over 660 feet. Under both the new and old tariffs, customers also pay a one-time charge for connecting to the network. This charge is $30 per residential line, $45 for single-line business customers, and $50 per line for multiline business customers.

ALBION TELEPHONE CO.

P.O. Box 98
Albion, Idaho 83311
673-5335

The company at a glance

No. customers -- 846
Residential rate -- $14.50 per mo.

ALBION TELEPHONE CASE REVIEW

TOLL-FREE CALLING TO BURLEY INVESTIGATED

Case Nos. ALB-T-89-2, MTB-T-89-9,
Order No. 22877

In response to petitions from customers of Albion Telephone Co., during 1989 and 1990 the commission investigated the feasibility of implementing toll-free or discounted calling between US WEST Communications' Burley/Declo exchange and Albion Telephone Co.'s Albion, Almo, Elba, Malta and Raft River exchanges.

Following May 1990 hearings in Declo at which testimony was evenly divided between those favoring and those opposing toll-free long-distance plans, the commission put the case on hold pending their consideration of local calling area plans (LCAP) in the Magic Valley (Case No. U-1000-99).

In November 1989, the commission had received petitions from more than 200 customers of Albion Telephone Co. and area community leaders requesting toll-free extended area service (EAS) between the five Albion Telephone exchanges and US

WEST Communications' Burley exchange, including its Declo wire center.

"In a departure from past EAS petitions, the Albion Telephone petitioners indicated that they are willing to accept increases in their monthly local service charges to obtain EAS," the commission said in opening its investigation in December. "In particular, the Raft River petitioners indicate a willingness to pay a $5.00 additional monthly service charge; Almo and Albion customers $4.00; and Elba $3.00."

"Our preliminary analysis reveals that granting EAS to the petitioners has different impacts upon both Albion Telephone and U S WEST," the commission said. "If EAS were granted, U S WEST's toll revenues would decrease, but its access charges paid to Albion would also decrease. Albion Telephone, on the other hand, would lose toll access revenues from U S WEST. The petitioners' proposed local rate increases would likely recover only a small portion of the projected loss in Albion Telephone's toll access revenues."

The commission directed the companies to report on the call volumes between the Albion exchanges and Burley, the revenue impacts if EAS were granted, and proposals to mitigate those impacts. The companies were told to address the possible implementation in the Albion-Burley area of US WEST's MetroPAC, a discount long-distance plan, and US WEST's proposed LCAP, which would allow customers to select and pay for specific EAS routes.

In their responses, the companies said they could not support the EAS petition. Albion Telephone calculated an annual revenue loss of $198,662 if EAS were granted. US WEST said the call volumes from its exchanges to Albion's fell short of levels traditionally used to indicate a community of interest.

The commission staff recommended a local calling area plan that would enable customers in the five Albion exchanges and in US WEST's Burley/Declo exchange to choose one of two options:

·The first option would allow unlimited calling between Burley/Declo and the five Albion exchanges for $5 a month.

·Under the second option, calls between Burley/Declo and the five Albion exchanges would be billed at an extended local measured service (ELMS) rate of 5 cents a minute.

LCAP was proposed as an alternative to EAS, which extends toll-free, local calling to long-distance routes to nearby exchanges. Under EAS, some lost toll revenue is usually made up by increases in the basic monthly charge paid by all ratepayers in the affected exchanges.

Staff telecommunications analyst Belinda Anderson said LCAP had several advantages: "Individual customers can choose whether or not to subscribe to the program based upon his/her own communication needs," she said in testimony filed with the commission. "This eliminates potential financial hardship for the elderly living on fixed incomes or the low-income families being forced to accept any program that would raise their monthly costs without direct benefit to them."

Ms. Anderson said that monthly LCAP charges would offset about $39,000 of an estimated $140,000 loss in annual long-distance revenue if existing toll charges are removed between Burley/Declo and the five Albion exchanges. The remaining revenue would be made up through payments from the state's Universal Service Fund.

Lynn Anderson, supervisor of the commission's telecommunications staff, said that if EAS were provided between Burley/Declo and any of the five Albion exchanges, "local rates should be increased to reflect the added value of having nearly 8,000 more telephone numbers in those local calling areas."

USF FUNDING INCREASED

Case No. ALB-T-89-1, Order No. 22718

In August 1989, the commission increased to $331,131 the amount distributed to Albion Telephone Co. from the state's Universal Service Fund (USF).

In June, Albion asked the commission to increase the amount it receives from the USF by $19,451 to cover revenues lost when the company implemented toll-free, extended area service (EAS) from its Holbrook exchange to the Malad exchange of US West Communications.

"We are confident that the company will not exceed its authorized rate of return with this additional funding," the commission said in proposing to approve the request.

"In this case, the staff analysis shows that a 1988 net revenue deficiency exists even using a conservative approach," the commission said. "The staff recommends approval of the additional funding from the USF to cover the costs associated with the commission-ordered implementation of EAS between the Holbrook and the Malad exchanges."

In September 1988, Albion was authorized to receive $311,680 annually from the "high cost" fund. The commission adopted the USF in February 1988 "to ensure that reasonably priced telephone service would be available to all telephone customers in Idaho."

CAMBRIDGE TELEPHONE CO.

P.O. Box 86
Cambridge, Idaho 83601
257-3314

The company at a glance

No. customers -- 740
Residential rate -- $10.50-12.50 per mo.

CAMBRIDGE TELEPHONE CASE REVIEW

CAMBRIDGE TELEPHONE GETS HIGH COST FUNDS

Case no. CAM-T-88-1, Order No. 22131

In September 1988, the commission added Cambridge Telephone Co. to the list of companies to receive payments from the state's newly implemented Universal Service Fund. Earlier Albion, Rockland, and Rural telephone companies were authorized to benefit from the high cost fund.

The commission aproved annual distribution of $276,354 to Cambridge from the USF.

In July, Cambridge asked for about $20,000 per month from the fund. The monies will allow the company to keep its local rates at current levels and to reduce its toll access rates to 125 percent of the statewide average.

Cambridge's toll access rates, which are paid by long-distance companies using the local network, are currently more than twice the statewide average. The average toll access charge paid to Cambridge is 31 cents per minute while 125 percent of the statewide average is 13.6 cents per minute.

Cambridge's local residential rates range from $10.50 to $12.50 per month depending on exchange. Business rates are $21 to $25. These rates are held below 125 percent of the statewide averages ($14.76, residential, and $35.05, business) because payments from the national high cost fund are used to offset levels that would otherwise be warranted.

CASE LISITING

Case No. CAM-T-	Order No.	Date	Synopsis
90-1	23107	5/2/90	Request to borrow $100,000 for an REA development loan for the Alliance of Upper Country Hay Growers

CENTURY TELEPHONE OF IDAHO, INC.

P.O. Box 1007
Salmon, Idaho 83467
756-3300

The company at a glance:

No. customers -- 3,036
Residential rate -- $18.00 per mo.

CENTURY TELEPHONE CASE REVIEW

RURAL CHARGES CAPPED

Customer Petition Brings New Rate Design

Case No. CEN-T-89-1, Order No. 22763

In October 1989, the commission ordered Century Telephone Co. to cap its mileage charges at $12 per month in response to a complaint about burdensome charges filed by a group of rural customers the previous winter.

Century's local rates also changed to absorb the revenue impact of the cap and ease customers toward more efficient, one-party service.

Century's rural one-party customers paid $1 per month for each quarter-mile they are located beyond the company's base rate areas, which usually conform to city limits.

More than 100 Century customers who had been paying from $13 to $100 per month in mileage charges now pay $12. Another 363 customers continue to pay $1 to $12 per month in the charges.

Adjustments to local rates began to close the gap between rural one- and four-party rates and between rates in Salmon and those in Leadore and North Fork while offsetting lower mileage charge revenues.

"Century is the only Idaho local exchange company with charges of more than $12 per month for mileage," the commission said. "While the imposition of these charges was reasonable and justified by cost factors that applied when the charges were initiated, the circumstances and cost considerations have altered. It is reasonable and appropriate to now alter the system of mileage charges.

"Costs to serve outlying customers have decreased due to advances in technology. Network efficiency can be increased by the movement of customers from multi-party to one-party service," the commission said.

"The commission has been promoting the reduction of mileage charges and the movement of customers to one party service since 1981. It is now time for Century's customers to begin the transition that will enable them to experience the same quality of service and service offerings that exist elsewhere in the state."

The commission responded to concerns expressed at an Aug. 22, 1989 hearing in Salmon. Some public witnesses thought that increasing local rates to offset lost mileage charge revenues would subsidize those benefiting from the new mileage charge cap.

"No service offered by any telephone company in Idaho is priced to recover exactly the cost of providing that particular service," the commission said. "Pricing goals have been to recover the total revenue requirement of a company while keeping the price of basic local access service as affordable and reasonable as possible. Closing the rate differential between four-party and one-party service recognizes the technological improvements which make it possible to offer better quality service and help four-party customers make the transition to one-party service.

"Telephone service in rural areas of this country would either not be available or would be extremely expensive without historical cross subsidies," the commission said. "Aggregation and averaging of costs has made rural telephone service possible at affordable rates. The rate design changes implemented to fund the mileage cap are not a subsidy in the dictionary sense of the word; they are a continuation of past pricing policies in the public interest."

In January 1989, 28 Century customers complained that rural mileage charges were burdensome and asked the commission to review them "with the potential of eliminating or capping this fee." In March, the commission told its staff to work with Century to recommend whether the mileage charges should be continued, modified, or eliminated and whether alternative rate structures or funding mechanisms should be adopted.

The company and the commission staff made a joint proposal in May. The commission staff revised its recommendation after receiving letters from customers opposing the $0.75 to $1.35 per month increases originally proposed for four-party rates. The staff also felt the company would not be able to provide universal one-party service as soon as originally expected, making it unnecessary to close the gap between one- and four-party rates as quickly as originally proposed.

The following changes occurred in monthly local rates when Century filed its new tariffs:

	Residential			Business		
Salmon	Old	Change	New	Old	Change	New
1-party	$14.40	+$0.80	$15.20	$28.80	+$0.40	$29.20
4-party	8.65	+ 0.50	9.15	17.30	+ 1.00	18.30
Leadore						
1-party	$17.00	-$0.50	$16.50	$34.00	$0.00	$34.00
4-party	10.20	+ 0.50	10.70	20.40	+ 0.60	21.00
North Fork						
1-party	$18.00	-$0.80	$17.20	36.00	$0.00	$36.00
4-party	10.80	+ 0.50	11.30	21.60	+ 0.40	22.00

CONTEL OF THE WEST, INC.

P.O. Box 12000
4900 California Ave.
Bakersfield, CA 93389
(805) 393-4011
(205) 328-2200

P.O. Box 127
Homedale, Idaho 83628

McCall — 634-6110

The company at a glance:

No. customers -- 13,825
Residential rate -- $9.85-15.77 per mo.

CREDIT FOR PHONE OUTAGES EXPANDED

Case No. CON-T-90-1, Order No. 22936

In January 1990, the commission approved a Contel plan to credit customers with a month's local service for each day they are without telephone service due to company failure to repair service within 24 hours or to meet a commitment date for installing service.

The new policy, which allows a one-month credit for each outage lasting at least 24 hours, took effect Jan. 21. It replaces a policy allowing one day's local service credit for each multiple of 24 hours or fraction thereof of service outage.

Any revenue shortfall created by the service credit will be made up by the utility's shareholders, not its ratepayers, the commission ruled.

In a concurring opinion, Commissioner Ralph Nelson said that while he approved of the new service credit, "I do not agree that this is the proper time to determine who will pay for what is surely anticipated as a de minimis revenue shortfall.

"The commission has not received any indication that extended outages have been a problem for the company," Nelson said. "To decide now that rates could be affected by the tariff changes takes away, in my opinion, from what appears to be merely a goodwill promotion by the company."

911 TARIFF OK'D, WITH CHANGES

Case No. CON-T-89-2, Order Nos. 22891, 22812

In January 1990, the commission approved Contel's tariffs for 911 emergency reporting service and for non-published number service after the company removed objectionable wording limiting Contel's liability to customers.

The commission set Contel's rate for a 911 access line at the applicable business rate rather than at $38.70 per month as requested by the company. Contel's single-line business rates vary from $19.75 to $35.26 depending on the exchange served. Other rates for the emergency service, such as automatic number identification and call-back, were accepted as filed.

In the summer of 1989, Contel asked the commission to approve tariffs for its 911 emergency service and its non-published service. The commission rejected the tariffs, saying, "They contain numerous clauses attempting through the device of a tariff filing to exculpate Contel from tort liability for its own actions."

Contel asked the commission to reconsider. In doing so, the commission approved portions of the tariffs limiting contractual rights. But it again denied those portions attempting to limit the company's tort liabilities and invited the company to show that such limits are necessary for the services to be provided.

"First, the primary incentive that public utilities receive for the provision of utility service is their return on invested capital," the commission said. "Ordinarily no further special incentives in the way of limitations of liability are appropriate.

"Second, however, there may be unusual factual circumstances that would justify this commission exercising its authority to limit a utility's liability for the provision of a given service in order to encourage a service that we find to by in the public interest and that may not be otherwise provided.

"This limitation of authority, however, must follow our conscious exercise of discretion in a formal case proceeding or rulemaking in which we have had an opportunity to review the factual underpinnings for the claim that liability should be limited," the commission said. "We have not received such a showing in this proceeding."

In November 1989, the company filed new tariffs without the objectionable language but including a uniform, $38.70 monthly rate for a 911 access line. Acting on a suggestion of its staff, the commission adopted use of the business line rate for 911 service, as it did in a GTE-Northwest rate design case last year.

"Idaho law now provides for counties, with voter approval, to impose a surcharge to fund 911 Emergency Service," the commission said. "We anticipate that this funding provision will encourage 911 subscribers to order sufficient quantities of access lines to eliminate the possibility of call blocking, rather than accept the blocking standard of no more than one call blocked in one hundred attempts, as required by Contel's tariff."

FAIRFIELD TOLL DISCOUNT PETITION DISMISSED

Case Nos. U-1037-57, Order No. 22815

In November 1989, the commission turned down a request by residents of the Fairfield and Hill City areas of Camas County for discounted or toll-free rates on all telephone calls within a 100 mile radius.

The commission said that since the petition was filed in September 1987, discount toll plans have been made available by US West and competitor N-Tel has offered long-distance service at about 20 percent less than US West.

The commission also pointed to the low volume of calls from Fairfield and Hill City to Gooding, Twin Falls, and Boise. High call volumes are often cited as evidence of a community of interest justifying toll-free extended area service (EAS) or reduced-toll packages.

"Calls from Fairfield to Gooding average 3.46 per month, from Fairfield to Boise, 2.7 and from Fairfield to Twin Falls, 2.35," the commission said. "These call volumes are on the low side compared to previous cases which resulted in the implementation of MetroPAC or EAS. In addition, Fairfield is a county seat; the exchange includes the school district, emergency service providers and some limited medical and commercial services."

The commission said that enactment of the Telecommunications Act of 1988 limits its long-distance rate-setting authority.

"The election of US West under that new law means that the commission no longer sets the rates for long-distance services provided by previously regulated US West," the commission said. "While [the law] allows the commission to decide this case as if [it were] not in place, the staff argued it is counterproductive to litigate the case and order changes in rates that the company could subsequently alter without commission approval."

SOUTH MOUNTAIN EXCHANGE TRANSFERRED

Case Nos. CON-T-89-1 & ORE-T-89-1, Order No. 22735

In September 1989, the commission approved the transfer of Contel's South Mountain exchange in Owyhee County to Oregon-Idaho Utilities Inc.

The 50-customer South Mountain exchange is served from central office equipment in Jordan Valley, Oregon, one of several southeastern Oregon exchanges operated by Contel of the West transferred to Oregon-Idaho Utilities. Transfer of the Oregon exchanges was approved by the Oregon PUC.

Oregon-Idaho Utilities is an affiliate of an Illinois construction firm specializing in installation of phone cables and equipment. Acquisition of Contel's South Mountain and southeastern Oregon exchanges was Oregon-Idaho's first venture in running a local exchange company.

The Idaho commission found that the transfer was in the public interest under two conditions:

"First, in addition to other reporting requirements, Oregon-Idaho shall file quarterly financial statements with the Commission Secretary," the commission said. "Second, Oregon-Idaho shall serve the commission with a copy of all Rural Electrical Administration loan applications and all other documents required to be filed by REA."

Small phone companies serving remote areas are often partially financed by REA loans.

CONTEL CASE LISITING

Case No. CON-T-	Order No.	Date	Synopsis
88-1	22898	12/22/89	Case closed for lack of prosecution.
89-3	22975	2/12/90	Approved Advice No. 89-07

GEM STATE UTILITIES

c/o Pacific Telecom, Inc.
P.O. Box 9901, 805 Broadway
Vancouver, WA 98668
(206) 696-6941

The company at a glance:

No. customers -- 1,340
Residential rate -- $4.75-9.40 per mo.

GEM STATE CASE LISITING

Case No. GEM-T-	Order No.	Date	Synopsis
89-1	22890	12/20/89	Represcription of depreciation rates and salvage values

INLAND TELEPHONE CO.

P.O. Box 171
Roslyn, WA 98941
(509) 649-2211

The company at a glance:

No. customers -- 209
Residential rate -- $9.00 per mo.

MIDVALE TELEPHONE CO.

P.O. Box 7
Midvale, Idaho 83645
355-2211

The company at a glance:

No. customers -- 276
Residential rate -- $14.80 per mo.

MIDVALE TELEPHONE CASE REVIEW

MIDVALE TO SERVE EAST SIDE OF LAKE PEND OREILLE

Case No. MID-T-89-2, Order No. 23100

In April 1990, the commission granted Midvale Telephone Co.'s application to extend telephone service to the east side of Lake Pend Oreille and has denied GTE Northwest's application.

"The Midvale service proposal can be implemented at lower total cost and per customer cost than GTE's plan," the commission said.

Midvale estimated the total costs for the project at $243,000 and proposed monthly charges of $14.80 for residential and $22.50 for business customers. GTE estimated a capital cost of $311,000 and monthly residential rates of $24.75.

Midvale proposed to charge its usual $25 connection fee. GTE officials testified that their installation charge could be set up on a payment plan of about $40 per month for five years.

PUC staff utility engineer Randy Lobb

recommended that Midvale be authorized to provide the service. Lobb estimated that Midvale would have to draw about $4,300 a year from the state's Universal Service Fund, which was created to moderate the high costs of providing phone service to some areas.

"Although we agree with staff witness Lobb's observation that either company could adequately provide service, the deciding factor is Midvale's lower costs," the commission said. "We acknowledge that there was contested testimony concerning Midvale's cabling and interconnection costs but the weight of the evidence supports Midvale's lower costs.

"Authorizing Midvale to serve this area is not without some concern. We note that its revenue projections did not foresee any need to draw upon the state USF. We agree with staff witness Lobb's calculation that the company will probably require some revenue from the Universal Service Fund. With this concern in mind, Midvale should carefully monitor its costs so as to minimize the need for USF revenue.

"GTE's proposal did contain some attractive features," the commission said. "GTE's proposal to serve Lakeview through its Sandpoint exchange, thereby creating a larger calling area, is ordinarily viewed as a significant benefit. However, in this case the benefit of the larger calling area was overshadowed by Midvale's lower costs. The public testimony at our Lakeview hearing demonstrated that customers are primarily motivated to obtain telephone service based on the initial cost of service."

In April 1989, the commission began to look into the feasibility and cost of extending telephone service to the east side of Lake Pend Oreille. For more than a year, the commission had been receiving requests from Granite View, Cedar Creek, and Lakeview area residents for help getting phone service.

The commission held a hearing in Bayview in October 1989 on GTE's proposal to serve the Lakeview area. At the hearing Midvale said it would soon file an application to serve the area, which it did in December. The commission treated the companies' applications as competing bids exclusively to serve the area.

The commission held additional hearings in Sandpoint on April 5, 1990 at which the companies provided the details of their proposals and the commission staff made its recommendations.

MIDVALE APPLIES TO SERVE YELLOW PINE & WARM LAKE AREAS

Case No. MID-T-89-1

In August 1989, Midvale Telephone Exchange applied to the commission for authority to serve the Yellow Pine and Warm Lake areas in Valley County east of McCall.

The company said it had about 25 requests for service on file from residents of the areas and estimates that there are about twice that many potential customers. It proposed to charge the new customers its existing monthly one-party rates of $14.80, residential, and $22.50, business.

Midvale proposed to serve the remote areas using a radio telephone design called BETRS (basic exchange telecommunications radio system). The company estimated the cost of installing the system at $279,500, which would be financed by internally generated funds and, if necessary, long-term debt. Installation would take two to three months and begin in the fall of this year or the spring of 1990, according to the company.

Under the Idaho Telecommunications Act of 1988, a company attempting to acquire exclusive rights to serve an uncertified territory must notify other companies, which may then file a notice of intent to also serve the new area. The commission must then decide whether the area should be served on an exclusive or non-exclusive basis and which company can best serve the area.

In October 1989, Idaho Mobilephone Service intervened in the case. By the end of the period covered by this report, Midvale had failed to actively pursue its application to serve Yellow Pine and Warm

OREGON-IDAHO UTILITIES, INC.

P.O. Box 161
Robinson, IL 62454

The company at a glance

No. customers -- 50
Residential rate -- $ per mo.

OREGON-IDAHO UTILITIES CASE REVIEW

CONTEL'S SOUTH MOUNTAIN EXCHANGE TRANSFERED

ORE-T-89-1, Order No. 22735

In September 1989, the commission approved the transfer of Contel's South Mountain exchange in Owyhee County to Oregon-Idaho Utilities Inc.

The 50-customer South Mountain exchange is served from central office equipment in Jordan Valley, Oregon, one of several southeastern Oregon exchanges operated by Contel of the West transferred to Oregon-Idaho Utilities. Transfer of the Oregon exchanges was approved by the Oregon PUC.

Oregon-Idaho Utilities is an affiliate of an Illinois construction firm specializing in installation of phone cables and equipment. Acquisition of Contel's South Mountain and southeastern Oregon exchanges was Oregon-Idaho's first venture in running a local exchange company.

The Idaho commission found that the transfer was in the public interest under two conditions: "First, in addition to other reporting requirements, Oregon-Idaho shall file quarterly financial statements with the Commission Secretary," the commission said. "Second, Oregon-Idaho shall serve the commission with a copy of all Rural Electrical Administration loan applications and all other documents required to be filed by REA."

Small phone companies serving remote areas are often partially financed by REA loans.

OREGON-IDAHO UTILITIES CASE LISITING

Case No. ORE-T-	Order No.	Date	Synopsis
90-1	23099	4/27/90	Approved Tariff Advice No. 1 which conforms to prior Contel tariffs.

PINE TELEPHONE SYSTEM, INC.

P.O. Box 706
Halfway, OR 97834
(503) 742-2201

The company at a glance

No. customers -- 1

Pine Telephone serves Idaho Power Co.'s Brownlee Reservoir complex on the Snake River between Idaho and Oregon. There is no tariff on file with the commission.

POTLATCH TELEPHONE CO.

P.O. Box 121
Kendrick, Idaho 83537
289-5701

The company at a glance:

No. customers -- 822
Residential rate -- $5.30-7.00 per mo.

POTLATCH TELEPHONE CASE LISITING

Case No. POT-T-	Order No.	Date	Synopsis
89-1	22899	12/27/89	depreciation rates modified; complete study ordered before further application to change rates or to seek new USF funds
89-2	23001	3/14/90	Accepted proposal to resolve service issues in the Arrow Junction area of Nez Perce County
90-1	23184	6/29/90	Certificate No. 263 amended to resolve Arrow Junction service issues

ROCKLAND TELEPHONE CO.

P.O. Box 269
Rockland, Idaho 83271
673-5335

The company at a glance:

No. customers -- 356
Residential rate -- $15 per mo.

ROCKLAND TELEPHONE CASE LISITING

Case No. ROK-T-	Order No.	Date	Synopsis
88-2	22997	3/9/90	Closed Arbon Valley quality of service investigation
89-1	22829	11/3/89	$652,000 REA loan approved

RURAL TELEPHONE CO.

P.O. Box 969
Glenns Ferry, Idaho 83623
366-2458

The company at a glance

No. customers -- 227
Residential rate -- $14.80 per mo.

Rural Telephone Co. serves some 200 customers in several remote areas of Idaho and Nevada. In Idaho, the company operates in the Three Creek area of Twin Falls and Owyhee counties and in the Anderson Ranch and Atlanta areas of Elmore County.

In 1987, Rural moved its corporate headquarters from Sacramento, California to Glenns Ferry, Idaho and expanded its service territory into Atlanta, Prairie, and Tipanuk, on Interstate Route 84 just north of Mountain Home.

RURAL TELEPHONE CASE REVIEW

RURAL TELEPHONE TO SERVE SHOUP

Case No. RUR-T-89-1, Order No. 23017

March 1990, the commission approved Rural's application to serve the Salmon River canyon area near Shoup, Idaho. The commission amended Rural's Certificate of Public Convenience and Necessity No. 284 to include 128 square miles in Lemhi County downstream along the "River of No Return" from the town of North Fork.

Residents of this area have historically received telephone service from a single, magneto-powered line obtained from the U.S. Forest Service in the early 1950s and maintained as the North Fork Telephone Corp. There were 17 customers on the line, which was connected to the facilities of Century Telephone Co. at North Fork with the assistance of an operator.

In the past, Century provided operators to connect calls to and from Shoup under contracts with AT&T and US WEST Communications. When those contracts expired and the companies decided to provide their own long-distance operators, Century found it uneconomical to continue to provide operator service.

Following August 1989 public hearings in Salmon, Century, US WEST and AT&T agreed to split the cost of switchboard services for the Shoup line provided by a motel in Salmon until Sept. 30, 1990 or until new facilities were in place, whichever came first.

In August 1989, Rural, which serves several other remote areas in Idaho and Nevada, applied for authority to serve the Shoup area. The company estimated that initially it would serve about 40 customers on the line, with the potential of some 55 customers within five years.

Rural estimated that it would cost about $312,000 to install modern service and would require an annual contribution of about $10,000 from the state Universal Service Fund to serve the high-cost area.

$1.1 MILLION REA LOAN OK'D FOR RURAL TELEPHONE

Case No. RUR-T-90-1, Order No. 23019

In March 1990, the commission gave Rural authority to issue a mortgage note to borrow $1,107,000 from the Rural Electrification Administration.

The company said the monies would be used for microwave and toll facility upgrades in Idaho and toll upgrades, cable replacement and new services in Nevada. Up to $397,000 of the loan was proposed for the Idaho upgrades.

Repayment of the loan would be deferred for two years, with monthly payments beginning in the third year for a full repayment in 18 years. The interest rate on the loan would be 5 percent per year.

SILVER STAR TELEPHONE CO.

P.O. Box 266
Freedom, WY 83120
(307) 883-2411

The company at a glance:

No. customers -- 287
Residential rate -- $14-15 per mo.

SILVER STAR TELEPHONE CASE REVIEW

TOLL DISCOUNTS DELAYED

Case No. SIL-T-89-1, Order No. 22631

Only one of the toll discount plans available to most Idahoans is available to the 350 customers of Silver Star Telephone Co. along Idaho's Wyoming border. In July 1989, the commission ordered the company to report monthly on its progress toward making the other three long-distance discount packages available.

AT&T's interstate long-distance discount plan, Reach-Out America, was to be available by July 1. But in-state discount plans offered by both AT&T and US West Communications would not be available to Silver Star customers until the company can obtain the necessary billing software.

"We reluctantly find that Silver Star has stated good cause for the lack of availability of AT&T's Reach-Out Idaho and U S WEST's Call Thrift and Volume Discount plans," the commission said. "An explicit order to provide these services or give good explanation why they are not provided was entered but two months ago. Nevertheless, Silver Star has been on notice since our hearing in November of 1988 that its customers wanted these plans.

"These plans offer Silver Star the opportunity to increase its revenues by increasing originating calls for which it can bill access minutes," the commission said. "Given customer demands expressed at hearing and the opportunity to increase revenues by making these plans available to its own customers, it should not have been necessary for this commission to initiate an investigation on the lack of availability of the options and the reasons why to make them available.

"Only one of the options is currently available. There is a continuing public interest in making the other three available," the commission said. "Accordingly, until all of the four toll calling options mentioned in this order are available to Silver Star's local customers in Idaho, beginning in August 1989 Silver Star must file reports on the first Wednesday of each month detailing which of the four services are currently being offered to its customers and which are not.

"For the services that are not yet offered, the company must give its best estimate when they will become available," the commission said. "For the services that have become available in the reporting period preceding that monthly report, Silver Star must enclose a copy of the bill stuffers or other notices to its local exchange customers explaining the new toll option plans available."

In November 1988, at the conclusion of a Silver Star rate case, the commission told its staff to investigate the toll discount services generally available in Idaho and to find out if they are also available in the company's service area. The staff found that the packages were not available.

In May 1989, the commission told the three phone companies to make the services available by July or give a good reason that they cannot be made available.

TROY TELEPHONE CO.

P.O. Box 25
Troy, Idaho 83871
835-2211

The company at a glance:

No. customers -- 660
Rate base -- $642,600
Rate of return -- 7.91%
Residential rate -- $12.67 per mo.

COOPERATIVE and MUTUAL TELEPHONE COMPANIES OPERATING IN THE STATE OF IDAHO

The Idaho Public Utilities Commission does not regulate
cooperative or mutual telephone utilities.
They are listed here as a courtesy.

BLACKFOOT TELEPHONE COOPERATIVE, INC.
1112 N. Russell St.
Missoula, Montana 59801

CUSTER TELEPHONE COOPERATIVE, INC.
P.O. Box 324
Challis, Idaho 83226
(208) 879-2281

FARMERS MUTUAL TELEPHONE COMPANY, LTD.
P.O. Box 346
Fruitland, Idaho 83619
(208) 452-4241

FILER MUTUAL TELEPHONE COMPANY
P.O. Box 89, 405 Main St.
Filer, Idaho 83328
(208) 326-4331

MUD LAKE TELEPHONE COOPERATIVE
P.O. Box 235
Dubois, Idaho 83423
(208) 374-5401

PROJECT MUTUAL TELEPHONE COOPERATIVE ASSOC., INC.
P.O. Box 366
Rupert, Idaho 83350
(208) 436-3131

WATER COMPANIES

The commission regulates 24 privately operated water companies. They vary from the 45,000-customer Boise Water Corp., a subsidiary of General Water Works of Bryn Mawr, Pennsylvania, to Ever-Green Landscaping, which serves some six customers in the Inkom area of southeastern Idaho.

Regulated companies make up less than 1 percent of the nearly 2,600 systems supplying drinking water to Idahoans. Most of the unregulated systems belong to and are run without profit by homeowners associations. Many others are municipal systems operated by local units of government.

The 1990 Legislature amended *Idaho Code* Chapter 13, Title 50 to require new subdivisions to certify sources of water for each lot and sufficient property contributed to the development's water system to enable each lot owner to connect for only the additional cost of extending the lateral.

The purpose of the amendment is "to nip in the bud the proliferation of small, unviable water companies that are not capitalized adequately to serve new subdivisions and must later attempt to recover original capital investment from later purchasers of lots and homes."

The new law was in part a response to the commission's experience with attempts to regulate such small water companies.

WATER COMPANY CASES

ACCOUNTING SYSTEM FOR WATER COMPANIES

Case No. 31.G-R-89-1, Gen'l Order No. 180

In January 1990, the commission adopted a uniform system of accounts for water companies it regulates that have more than $150,000 in annual revenue.

"This commission has long adopted uniform systems of account for common and contract motor carriers, electric companies, gas companies and telephone companies," the commission said. "In addition, in 1913, it adopted a uniform system of accounts for water companies, but rescinded this system of accounts some 50 years later."

The commission adopted the Uniform System of Accounts for Class A and B water utilities published by the National Association of Regulatory Utility Commissioners.

In addition, the commission collected the scattered codifications of systems of accounts for other utilities into a single place in the commission rules: IDAPA 31.G.

44 PERCENT BAR CIRCLE "S" RATE HIKE OK'D

Case No. BCS-W-89-1, Order No. 22943

In January 1990, the commission approved a $2,809 (44.37 percent) increase in the rates of Bar Circle "S" Ranch Water Co., which serves 32 customers in the Hayden Lake area of northern Idaho. The new rates were effective Feb. 1.

Under the new rates, the average low winter bill (December) would increase 22 percent, from $12.50 to $15.24. The average high summer bill (August) would increase 55 percent, from $34.90 to $53.94 per month.

A reconnection fee of $15 during normal business hours, $30 at other times, was also approved. The existing hook-up ($250) and meter-installation ($500) charges remained unchanged.

In May 1989, the utility asked to double its rates, which had been in effect since it began operating in 1980. However, following an audit by the commission staff, the company agreed to the lesser increase and proposed rate schedule.

In December, the commission asked for comment on the staff-company proposal. Comments were received from two customers of the utility. Kevin and Patricia Vancaster characterized the company's original request as unreasonable but agreed with the revised proposal.

F.M. Keyes raised a question about the effect of the increase on his ability to irrigate his property. The company responded by supplying a copy of the subdivision covenant limiting irrigation to one acre.

"Given that each customer's usage is measured by a single meter and the small number of customers, we find: Adoption of an irrigation rate would be unreasonable in this case," the commission said in its order, responding to Keyes' comments.

The following table shows the company's old and new rates:

OLD		NEW	
Consumption in gallons	Monthly rate	Consumption in gallons	Monthly rate
0 - 11,000	$12.50	0 - 7,500	$15.00
11,001 - 35,000	$0.75/1,000 gal.		
35,001 - 70,000	$0.50/1,000 gal.		
more than 70,000	$0.40/1,000 gal	more than 7,500 gal	$0.95/1,000 gal

BOISE WATER RATE HIKE GETS JUNE TALKS

Case No. BOI-W-90-1, Order No. 23189

In June 1990, the commission scheduled September hearings for Boise Water Corp.'s $1.4 million rate increase application and granted intervention to the Idaho Citizens Coalition.

In March, Boise Water asked to increase its annual revenues by $1,441,947 through an across-the-board 13.29 percent increase in the water rates of its 45,000 customers. The request was based on an 11.44 percent overall rate of return on a rate base of $31.4 million, and reflects a 13.5 percent return on common equity.

When Boise Water filed its application in March, vice president Ben Hepler said that since the company's last general rate increase in 1986, its investment had increased more than $10 million and annual operating expenses increased more than $1 million.

"While we have experienced an increase in revenues due to growth in the period since our last rate increase, the increased revenues have not been sufficient to offset increases in operating expenses and added plant investment in the water system," Hepler said.

In 1986, Boise Water was authorized to earn an overall return of 11.29 percent. Company officials said in their application that last year's rate of return was 8.7 percent.

BOISE WATER LINE EXTENSION HEARING DELAYED

Case No. BOI-W-89-3, Order No. 22885

In February 1990, the commission postponed hearings on Boise Water Corp.'s line extension policies to enable intervenors Skyline Corp. and the Building Contractors Association of Southwest Idaho to base their testimony on cost data they expected to obtain.

Boise Water had claimed that the desired information was contained in privileged contracts it had with its parent, General Waterworks Corp., and its exclusive line installation contractor, Owyhee Construction.

In granting the intervenors' motion, the commission said Owyhee's internal cost data did not have to be made public because release of the information could be used unfairly by competitors to underbid the construction firm, whose contract to install Boise Water lines is up for renewal.

The commission initiated an investigation of Boise Water's line extension refund policies in August 1989. The company's practice had been a persistent source of complaints to the commission's consumer assistance staff, who report that the company had shown little interest in altering its policies.

"It is customary for gas, water, and electric utilities to require new customers to pay all or the bulk of the costs of extending the utility's service line to a new service location," the commission said in an August 1989 order kicking off its investigation. "It is common for the utilities we regulate, however, to provide a mechanism to reimburse or refund a portion of a customer's line extension costs when other customers connect to the line within a few years after the original customer paid for the line.

"Boise Water has no such policies," the commission said. The commission told Boise Water to study the policies of other utilities in preparing its response.

"In particular, we note that this commission has approved line extension tariffs with reasonable limits on the number of years that the eligibility for refund must be maintained, reasonable limits on the number of customers connecting to the new extension that will trigger additional refunds, and simplified formulas to determine the amount of the refund," the commission said.

BOISE WATER TO RESPOND TO COMPLAINT

Case No. BOI-W-89-2, Order No. 22698

In August 1989, the commission ordered Boise Water Corp. to respond by Sept. 6 to a complaint by Burnett Construction Inc. Burnett said that Boise Water's policy of allowing only one subcontractor (Owyhee Construction) to install its lines was delaying and increasing the cost of water service to new developments. Burnett cited a 1982 commission order allowing any qualified contractor to install water lines for the company.

"The tenor of Burnett's complaint shows there are important service-related questions presented by the complaint," the commission said, "-- whether Boise Water's current policies unduly delay extension of water service to new developments."

The commission denied a motion made by Boise Water to dismiss the Burnett complaint the previous week.

"The public interest in the issues presented by the complaint are sufficient that we would formally investigate them on our own motion in the absence of a formal complaint," the commission said.

The commission quoted from a 1982 order that considered the question of Boise Water's policy of an exclusive contract for construction of water lines. The order required the company "to accept labor in lieu of cash for contractors that have not previously fallen short of its requirements."

In November 1989, the record and generic issues raised in this case were transferred to Case No. BOI-W-89-3.

BRIAN WATER RATE HIKE OK'D, ON-SITE REP REQUIRED

Case No. BRN-W-89-1, Order No. 22880

In December 1989, the commission approved an immediate 25.8 percent increase in the rates of Brian Water Co. The company, which serves 47 customers east of Boise, was also ordered to hire a local customer service representative.

In June, the company requested a 32 percent rate increase on top of a 10 percent increase granted in February.

"Their requested rate increase of 32 percent was based in substantial part upon the continuation of erroneous depreciation policies in place when they began management of the company and a lack of familiarity with arcane points of utility accounting," the commission said of Dree and Tony Bowar, who manage Brian Water. "The staff adjusted their request in several regards to calculate a lesser revenue requirement, to which the Bowars acceded."

The increase enabled the company to increase its annual revenue by $2,200. The additional revenue was collected by a uniform 25.8 percent increase in both minimum and commodity charges as follows:

	Old Rate	New Rate
0-4,000 gal/month (min. chg.)	$6.29	$7.91
each add'l 1,000 gal/month	$0.66	$0.83

The company also discontinued its summer rates, which had not been used for years.

"We find it necessary that on or before Feb. 1, 1990 the Bowars engage someone in the Boise area (ideally someone in the Brian Subdivision itself) to be a representative of Brian Water Co. to take calls relating to service, payment of bills, etc.," the commission said, noting that the Bowars had recently moved from the subdivision and could not ensure quick response to customers.

"Many of their [customers'] concerns -- e.g., whether meters are read or the quality of service -- could be better addressed by an on-site or near-site representative of the company being directly available to the customers. The requirement that Brian Water obtain such a representative should be an important step in alleviating these concerns.

"Next, the staff, the company, and at least one member of the public noted how low Brian Water's reserves had fallen," the commission said. "They all shared a concern that Brian would be unable to replace important pieces of equipment, particularly a pump, if they should fail this winter. We share those concerns.

"We note that the company has never paid dividends and that the revenue requirement we have calculated allows for approximately $1,000 of post-tax operating income. This, together with approximately $800 of depreciation expense, should allow the company to increase its cash reserves by approximately $1,800 per year. We trust that prudent management would do so."

CAPITOL WATER BILLING PROBLEMS SOLVED, INVESTIGATION CLOSED

Case No. CAP-W-88-1, Order No. 22715

In August 1989, the commission closed its investigation of the billing and collection practices of Capitol Securities Water Corp. following a commission staff report that the company's billing system had been completely computerized and that all customers were being billed regularly.

The commission called for the investigation in 1988 when it threatened to fine the company for disregarding an April 1987 order that directed Capitol to clear up problems in its system for billing its 1,500 west-central Boise customers.

In approving a 1987 rate increase of $1.02 per month, the commission found that Capitol had not been billing all of its customers. The company's billing problems, the subject of many customer complaints, were well documented in the rate case. Many customers had not been billed for years.

During 1989, commission auditors met with company officials and helped them develop a computerized billing system. On Aug. 18, the auditors reported improvement in the company's collections and recommended that their review be considered complete.

COUNTRY CLUB HILLS BECOMES PUBLIC UTILITY

Case No. CCH-W-89-1, Order No. 22982

In February 1990, the commission issued Certificate of Public Convenience and Necessity No. 312 to Country Club Hills Utilities, which provides water service to 67 customers south of Idaho Falls. The company is owned by Mike Groth Associates.

The commission approved as fair and reasonable the rates the company charged its customers:
Residential flat rate -- $14/month
Condo flat rate, domestic --$12/month
Condo flat rate, landscaping --$16/month
In addition, all customers paid $0.35 per 1,000 gallons for amounts over 30,000 gallons per month.

In April 1989, the commission received a complaint from the Country Club Homeowners Association, customers of the water and sewer system operated by the company. The letter alleged that there were problems with the company's equipment.

Based on a staff investigation ordered in June 1989, the commission found that the company is a water utility under Idaho's public utilities law. The commission said the company was in violation of the law by providing service without first having a certificate.

In October, the company filed an application for a certificate and through subsequent correspondence with the commission staff supplied necessary additional information.

The Country Club Hills Utilities system consists of two wells with a combined 200 gallons per minute capacity and a 150,000-gallon storage tank for supplemental flows during high demand periods. Six-inch pipes connect the wells to customers and the storage tank.

EAGLE WATER ABILITY TO SERVE INVESTIGATED

Case Nos. EAG-W-89-2

In May 1990 and September 1989, the commission held hearings to investigate the ability of Eagle Water Co. to continue to operate as a public utility and to consider what measures should be taken to see that water service is provided to the company's approximately 650 customers by a viable utility.

The commission staff proposed three options for the commission to consider:
·replacement of Eagle Water's current management;
·sale of the utility to another, well managed local water company; or
·retention of present management with restrictions on how utility funds can be spent.

"This is a very inefficiently run organization, partly because of the accounting system but mostly because of the attitude and style of management," said PUC staff auditor Don Miller in testimony filed in the case. "There is no evidence of budgeting for property taxes or repayment of debt. A hand to mouth attitude is prevalent. The utility is overstaffed, Mr. DeShazo withdraws more than his proposed salary for personal expenses, and transportation expenses, which are unidentified, are excessive."

The company had a net loss of more than $30,000 in the year ending June 30, 1989 and reported a negative stockholders' equity of nearly $50,000. "The true owner of this utility is the long-term debt holder Star Mercantile Co.," Miller said. "The utility is delinquent and is subject to foreclosure at the option of the lender."

If operated prudently and efficiently, Eagle Water could survive and earn a reasonable rate of return, Miller said. The advantage in retaining the present management is its knowledge of the system.

The utility could become viable if spending were restrained in several areas, according to Miller. He recommended limiting the utility to four employees; eliminating non-utility vehicle and equipment expenses; maintaining only one bank account, in Eagle for easy access; and eliminating payment of Mr. DeShazo's personal expenses.

Miller recommended monthly reports to the commission staff in order to monitor the financial status of the utility and to ensure that commission ordered restrictions are followed. The report should include: totals of both residential and commercial customer billings and bank deposits, all disbursements including payroll, and a photocopy of the bank statement including the reconciliation to the cash balance on the books.

Background

The commission became concerned about the operation of Eagle Water in the spring of 1989 when it was learned that the Idaho Industrial Commission had sued the company for failure to pay more than $16,000 in workers' compensation insurance since 1986. In addition, customers questioned whether the company had legally enforceable property rights to the land on which its wells are located.

In May 1989, the commission gave Eagle Water 10 weeks to reinstate its corporate charter and to answer questions about its financial viability and about its rights to property needed for utility operations. The company's response showed that its corporate status had been reinstated but failed to adequately address its finances or property rights.

In September 1989, the commission held a public hearing in Boise. Following the hearing, the commission staff concluded that Eagle Water was capable of continuing to provide service so long as it adopted certain "belt tightening" measures. When the company failed to respond to the staff's suggestions, the commission decided to hold further hearings.

"Having reviewed staff's memorandum, as well as Eagle Water Co.'s response, we find that there are significant differences of opinion between the two concerning the ability of Eagle Water to continue to provide service to its customers and how the Company should be operated," the commission said.

"We, therefore, find that the matters identified in this order pertaining to the company's financial ability and the matter of the ownership of the wells are still at issue. In addition, we note that there has been concern expressed by customers of the company as to the continued viability of Eagle Water; we find it to be in the public interest to provide another formal hearing to address these concerns."

The commission invited the City of Eagle, Boise Water Corp., South County Water Co., and Citizens Utilities, Inc. to testify concerning their ability to manage or own the system should it no longer be in the public interest for Eagle Water to retain its certificate.

Citizens Utilities said it would be impractical for them to manage Eagle Water because of its small size and its distance from the Wallace area, where Citizens operates a small water company.

11.4 PERCENT FALLS WATER RATE HIKE APPROVED

Case No. FLS-W-89-1, Order No. 23116

In May 1990, the commission approved an 11.4 percent increase in the rates of Falls Water Co.

The increase, which affected 1,236 Idaho Falls area customers, was effective June 1, 1990.

The basic rate for both metered and unmetered service increased $0.90 per month from $7.90 to $8.80. For metered customers, the basic charge includes 40,000 gallons of water. The commodity charge increased from $0.15 to $0.17 per 1,000 gallons over 40,000-gallon monthly allowance.

An increase in the reconnection fee from $2 to $14 during normal business hours, and from $7 to $28 at other times, was also approved. The former $100 hook-up charge was increased to $300.

The rate hikes increased the company's annual revenues by about $14,000 and added about $11 to the average residential customer's annual bill.

On Oct. 30, 1989, Falls Water asked the commission for a $21,090 increase in annual revenues—more than 17 percent. That proposal would have added $1.30 to the basic monthly charge, with no increase in the commodity rate for usage over 40,000 gallons per month.

Following an audit by the commission staff, the company agreed to the lesser increase and a rate schedule proposed by the staff. The increase proposed by the staff and accepted by the company was based upon an overall 12.5 percent rate of return on a rate base valued at $39,393.

The commission received neither written comment on the proposal nor a request for a public hearing.

ISLAND PARK WATER CO. INVESTIGATED

Case No. GNR-W-90-1, Order No. 23102

In April 1990, prompted by customer complaints, the commission asked if the Island Park Water Co. should be regulated as a public utility under Idaho law.

The company was ordered to answer the following questions:
(1) Is the company a public utility selling water without a certificate of convenience and necessity from the commission?
(2) Is the company charging unjust and unreasonable rates?
(3) Are its services adequate, efficient, and promoting the health and safety of its customers, employees and the public?
(4) Has the company failed to file its tariffs with the commission?

In February, the commission received a complaint on behalf of residents of Elk Creek and Buffalo River estates, subdivisions with about 168 Island Park Water customers. The complainants said they have had "arbitrary" increases in their water rates from $36 per year in the 1970s to $50 in 1985 and $100 in 1989.

The complainants expressed concern about the company's compliance with water health and safety standards and said the company has refused to meet with Concerned Citizens of Island Park, a loose-knit group of homeowners.

In 1988, the company was the subject of a complaint from the Goose Bay Homeowners Association regarding water service problems. Following an informal investigation by its staff, the commission concluded that it could not solve the service problems and closed the case.

According to a preliminary investigation by the commission staff, Edwin J. Strobel is an incorporator and stockholder of Island Park Water, which has about 600, mostly seasonal customers. Strobel has developed eight or nine subdivisions in the Island Park area of eastern Idaho.

HAYDEN PINES ACCOUNTING ERRORS HEARD

Case No. HPN-W-89-1, Order No. 22972

In June 1990, the commission held public hearings in Coeur d'Alene in an investigation of accounting errors of Hayden Pines Water Co.

In April 1989, the commission, on its own motion, began an investigation into allegations by the Hayden Pines Ratepayers Association that a major accounting error enabled the new offices of Hayden Pines Water Co. to be placed improperly in the company's rate base. The association also alleged that $19,000 to $40,000 in contributions to the company's Hillside service area went unreported.

The ratepayers association raised these issues at a January 1989 hearing in Coeur d'Alene and asked that either the hearing be expanded to include them or that a new investigation be started. The hearing was being held to reconsider parts of an October 1988 commission order reducing the company's rates as a result of a September 1986 ratepayer complaint.

A commission staff report conducted in 1989 confirmed the ratepayer association charges and concluded that the company was collecting $31,000 a year in excess revenue due to accounting errors.

In February 1990, the commission denied a ratepayer association request to subject Hayden Pines rates to refund should the company later be found to be overearning.

"All we have is a preliminary, uncontested staff report stating that, in staff's opinion, the company is overearning approximately $31,000 yearly," the commission said. "However, this report is not yet evidence in the case and no party has been allowed to contest that report."

In testimony prefiled in early 1990, the commission staff revised its overearnings estimate to about $50,000 a year, based upon consideration of unreported contributions in all of the company's service areas.

HAYDEN PINES REFUNDS COMPLETED

Case No. U-1121-37, Order No. 22932

In January 1990, the commission ordered Hayden Pines Water Co. to implement its permanent rates, noting that the company had paid back to customers the $44,307 it had overcollected between March 1985 and April 1988.

Beginning with its January billings, Hayden Pines' monthly customer charge, which includes 3,000 gallons of water, was $12.27. The commodity charge was $0.107 per 100 gallons in excess of 3,000 gallons each month.

These rates reflected a permanent 14.2 percent reduction from the rates in effect in October 1988, when the commission concluded its investigation of a complaint by the Hayden Pines Ratepayers Association.

In October 1988, the commission ordered Hayden Pines to implement a permanent 18.2 percent rate reduction and to reduce its rates an additional 9.77 percent until May 1990 to return to customers about $81,000 overcollected since March 1985.

In February 1989, following reconsideration of calculations used in the October 1988 order, the amount to be repaid was reduced to $44,307 and the temporary rate reduction was lowered to 5.3 percent. After reconsideration of other accounting errors, the permanent rate reduction was set at 14.2 percent.

Realizing that the reduced overcollections might be paid back before May 1990, the commission told the company to report its total repayments at the end of 1989. According to calculations verified by the commission staff, Hayden Pines' refund was completed during its December billing.

In ordering the company to implement the permanent rates, the commission denied a Hayden Pines Ratepayers Association request to delay the new rates until the association had a chance to review documents relating to the amount refunded and to ask for a hearing on ending the temporary decrease.

"This case has been pending for over three years, with considerable expense to the commission, the company, and especially the ratepayers," the commission said. "We would hope that this final step in this lengthy proceeding could finally be put in operation.

McGUIRE ESTATES SEEKS 65 PERCENT RATE HIKE

Case No. MCG-W-90-1

In April 1990, McGuire Estates Water Co., which serves about 60 customers near Post Falls, asked the commission to approve new rates that would increase the company's revenues $6,721 a year (about 65 percent).

The following shows the company's old and proposed rates:

	Old	New	Incrs
Basic monthly chg (incl 10,000 gal/mo)	$8.51	$13.00	53%
Additional usage (>10,000 gal/mo)	$0.36/ 1,000 gal	$0.66/ 1,000 gal	83%
One-time, initial connection charge	$400	$500	25%
One-time meter installation charge	$400	$500	25%

Unmetered customers' bills were based on the average per customer consumption as measured at the well. Customers may elect to pay to have a meter installed in order to have their bills calculated using their measured consumption.

The company's request for an additional $6,721 in operating revenue was based upon a 12 percent overall rate of return. McGuire Estates' old rates were set in 1986 to allow a 12 percent overall rate of return.

MORNINGVIEW WATER COMPANY APPROVED

Case No. MNV-W-90-1, Order No. 23187

In June 1990, the commission granted Certificate of Public Convenience and Necessity No.314 to Morningview Water Co., which operates a one-well water system serving an 80-acre mobile home subdivision southeast of Rigby.

The commission also approved the company's $22 per month residential flat rate.

In April, the company applied to the commission for expeditious approval of a certificate. The company said the certificate is needed to satisfy a Federal Housing Administration requirement that the system be regulated prior to approval of FHA-insured loans for lots in the Morningview Acres subdivision.

The Morningview system consists of a well with a capacity of about 90 gallons using a 10-horsepower pump. The distribution system uses no storage tank and consists primarily of 6-inch pipe.

INVESTIGATION OF SUNBEAM WATER DISMISSED

Case No. SNB-W-89-1, Order No. 22694

In August 1989, the commission dismissed its investigation of Sunbeam Water Corp. because the 18-customer American Falls company had secured an on-site operator and begun to remedy its record-keeping problems.

In dismissing the investigation, the commission told the company to correct other problems uncovered by a PUC staff audit—chiefly, excessive uncollectibles and annual reports containing mostly estimates.

In April, the commission told Sunbeam to show cause why it should not be found in violation of a 1982 commission order. The show-cause order followed a complaint from the Power County Prosecutor that Sunbeam had not paid its property taxes and a PUC staff audit showing overearnings by the utility.

According to the audit, Sunbeam's bookkeeping entries were untimely, uncollectibles were excessive, invoices were destroyed when paid, the company's annual reports contained mostly estimates, and outside expenditures were not documented. The audit also indicated that the company's revenues might be exceeding allowable expenses.

In June, the commission accepted Sunbeam's report that its 1988 revenue was less than $5,000—consistent with projections upon which the company's rates are based—and said there was no need to further investigate Sunbeam's rates if the company secured an on-site operator and solved its bookkeeping problems.

"On July 25, 1989, the commission received Sunbeam's response," the commission said in the August order. "The company stated that Charles Brigham, residing in American Falls, is the new on-site operator.

"The company also stated that it now requires all invoices to be stapled to the corresponding voucher copy of the check as the invoice is paid and all checks are to be posted to the general ledger and reconciled with the bank statement on a monthly basis."

OTHER WATER COMPANY CASES

Case No.	Order No.	Date	Synopsis
HPN-W-90-1	23120	5/9/90	Hayden Pines Water Co.'s request for authorization to borrow $415,300 above existing borrowing authority continued beyond 30 days from filing.
WSM-W-90-1	23036	3/27/90	Approved Warm Springs Mesa, Inc.'s application for authority to borrow up to $22,000 from First Security Bank of Idaho.
SOU-W-88-2	22727	9/7/89	Approved South County Water Co. fire hydrant expensing

WATER UTILITIES UNDER THE JURISDICTION OF THE IDAHO PUBLIC UTILITIES COMMISSION

BARBER WATER CORP.
3550 Triplett Lane
Boise, ID 83702-8799 (208) 345-9384

BAR CIRCLE "S" RANCH, INC.
8191 Loch Haven Drive
Hayden Lake, ID 83835-9596 (208) 772-9096

BOISE WATER CORP.
8248 W. Victory Rd., P.O. Box 7488
Boise, ID 83707-1488 (208) 362-1300

BRIAN WATER CORP.
P.O. Box 7345
Boise, ID 83707-1345 (208) 392-6618

CAPITOL SECURITIES WATER CORP.
2626 Eldorado
Boise, ID 83704-5997 (208) 375-0931

CITIZENS UTILITIES WATER
612 Cedar Street
Wallace, ID 83873-2335 (208) 752-1174

COUNTRY CLUB HILLS UTILITIES
P.O. Box 51778
Idaho Falls, ID 83405-1778 (208) 529-0707

EAGLE WATER CO., INC.
P.O. Box 455
Eagle, ID 83616-0455 (208) 939-0242

EAST MORELAND WATER CO.
671 West 200 North
Blackfoot, ID 83221-5408 (208) 684-3120

EVERGREEN WATER CO.
RR. 4, Box 44B
St. Maries, ID 83861-9413 (208) 245-3040

EVER-GREEN LANDSCAPING, INC.
3186 W. Portneuf Road
Inkom, ID 83245-1620 (208) 775-3573

FALLS WATER CO., INC.
405 11th Street
Idaho Falls, ID 83404-4899 (208) 522-1300

HAYDEN PINES WATER CO.
P.O. Box 992, 1841 W. Hayden Ave.
Hayden Lake, ID 83835-9760 (208) 772-3619

McGUIRE ESTATES WATER CO.
18700 E. Trent
Otis Orchards, WA 99027 (509) 456-8819

MORNINGVIEW WATER CO., INC.
199 North 3950 East
Rigby, ID 83442-5745 (208) 745-7032

MURRAY WATERWORKS
Box 426
Murray, ID 83874-0426 (509) 924-2789

PICABO LIVESTOCK CO.
Picabo, ID 83348-9998 (208) 788-2516

PINEVIEW ESTATES WATER CO.
c/o 8601 No. Hayden Pines Way
Hayden Lake, ID 83835-9760 (208) 772-3619

SOUTH COUNTY WATER CO.
10549 Overland Rd.
Boise, ID 83709 (208) 375-1130

SPIRIT LAKE EAST WATER CO.
P. O. Box 7310
Spokane, WA 99207 (509) 467-0770

SUNBEAM WATER CO.
P.O. Box 5361
Pocatello, ID 83201-9998 (208) 237-1110

SUNSET HEIGHTS WATER CO.
Route 1, Box 224-50
Salmon, ID 83467-9709 (208) 756-3611

TROY HOFFMAN WATER CORP.
P.O. Box 5083
Coeur d'Alene, ID 83814-1951 (208) 765-8329

WARM SPRINGS MESA, INC.
2843 Star Circle
Boise, ID 83712-8498 (208) 344-2603

REGULATED CARRIERS

RAIL ABANDONMENTS CONTINUE

UNION PACIFIC EFFORTS TO ABANDON TETON VALLEY RESISTED

Case No. UP-RR-89-1

Throughout the period covered by this report, the commission resisted Union Pacific Railroad Co.'s attempts to abandon its 30.8-mile branch line from Ashton to Tetonia in the Teton Valley of eastern Idaho.

In late June 1990, the commission was preparing its brief in an appeal to the Ninth U.S. Circuit Court of Appeals in San Francisco to reverse a February 1990 Interstate Commerce Commission decision to allow the abandonment. In the meantime, Ashton businessman Darrell Reinke was working on a proposal to buy the line and lease it for operation as a short line route for tourist excursions as well as the possible resumption of grain shipments.

The following narrative attempts to trace the tortuous history of the abandonment decision during the 1990 fiscal year:

PUC BRIEF WINS THE DAY AT ICC

On July 13, 1989, the State of Idaho received word that ICC Administrative Law Judge Paul Cross had denied Union Pacific's abandonment request. The decision borrowed liberally from the legal brief filed three weeks earlier by the Idaho commission following ICC hearings at Driggs on May 31 and June 1.

Cross adopted the Idaho commission's analysis showing that Union Pacific "deliberately downgraded rail service on the branch since at least November 1984."

"Particularly compelling in that respect is applicant's unilateral attempt to withdraw rail service on the branch in 1984 to save costs in light of its assessment that securing commission abandonment approval would take too long," Cross said, restating the findings of the Idaho commission. "The law will not condone such behavior," he wrote.

"It is clear . . . that applicant would prosper by continuing to operate the branch," Cross concluded. He differed with the Idaho findings only on the degree of that prosperity:

"The forecast year operating profit exceeds applicant's economic costs associated with operating the branch," Cross said. "Thus, with continued operation, there is an economic gain—a profit that produces a higher rate of return on applicant's net investment base associated with the branch than does abandonment. Continued operation at an annual return of more than 12.8 percent hardly can be viewed as burdensome."

The PUC had calculated a 33 percent rate of return for the line's operation based upon an annual profit of $134,300 and an investment base of $412,962. Judge Cross arrived at the 12.8 percent return based upon annual profits of $125,384 and an investment valued at $982,762.

In addition to the profitability of the Ashton to Tetonia branch, Cross cited "the existence of substantial harm of the abandonment to farmers and the farming economy in the area."

"There is not a sufficient supply of alternate truck transportation to transport the volume of grain formerly handled by rail, particularly during and after the harvest season," Cross said. "Were sufficient truck capacity available, the record shows that it is significantly more costly for local farmers to truck grain to alternate railheads than to put it through the local elevators for direct rail movement from the branch.

"Lastly, a finding is dictated that abandonment would have a serious adverse impact on rural and community development in the area of the abandonment," the judge said. "In proposing the successful amendment to the abandonment statute that commonly is referred to by his name, Senator [Hubert] Humphrey surely had small towns and rural areas like Tetonia, Idaho and its environs in mind when he said that abandonment adversely affects population patterns, social trends, employment and income.

"The record shows that upon abandonment, the grain elevators at Tetonia would close or curtail operations radically," Cross said. "With reduced employment and available income, population would be drawn away from Tetonia and its surrounding area. In sum, abandonment would result in another economic and social step backward for rural America."

STATE OFFICIALS LAUD TEMPORARY VICTORY

"This is an important victory for Idaho and for adequate transportation service in the rural areas of our state," said Idaho Gov. Cecil Andrus upon learning of Cross' decision. "Adequate rail service is absolutely essential to the future of our rural areas, and I am extremely pleased the strong case made by the state has convinced the ICC to make the right decision."

Andrus personally had intervened in the abandonment case and testified at the ICC hearings in Driggs earlier in the year.

"We are very pleased that the judge has reached the correct decision," said IPUC President Joe Miller. "This decision advances this commission's and the state's policy goal of maintaining essential rail service to our rural communities. It shows that those communities and the state can have a real impact on the decisions of federal agencies affecting them.

Miller was particularly complimentary of community leaders and public officials for their "extremely effective representation of the Teton Valley."

"We want to thank the Idaho Legislature and our Congressional delegation -- Congressman Stallings and Senators McClure and Symms -- for their assistance in getting the ICC to hold hearings in the affected area," Miller said.

Miller said local hearings allowed those most directly affected to lay facts before the judge that compelled the decision to deny the abandonment. He also noted the importance of the 1985 Idaho law requiring the PUC to hold its own hearings on rail abandonments. That law was passed shortly after the federal Staggers Act removed the states' authority over abandonments.

"In spite of federal efforts to deregulate the rails and remove such important decisions from state oversight, the 1985 Idaho law enabled us to begin last January to marshal the facts about the Teton Valley line," Miller said.

The IPUC held a hearing in Rexburg in January 1988 at which the commissioners were convinced that rail service was essential to the valley's economy and that Union Pacific could make money by continuing.

I.C.C. DENIES ABANDONMENT

In early November 1989, by a 3-2 decision, the ICC affirmed Judge Cross' decision and denied Union Pacific's abandonment application.

"We're happy with the decision," said IPUC President Joe Miller. "In it, the ICC emphasized the importance of rail service to rural community development. They pointed particularly to the views expressed by this commission and Gov. Andrus at the hearing in Driggs last summer."

Miller also noted the contributions of Teton Valley farmers and Congressman Richard Stallings, who submitted testimony at the hearings.

"We've now gone through the full legal process. The railroad has exercised all of its legal rights in its attempt to abandon the line," Miller said.

"Now it's time to leave those procedures behind and get the trains running again. We hope Union Pacific will restore service to the line quickly, without the need for further proceedings."

Following its own hearings, held in Rexburg in January 1988, the IPUC protested Union Pacific's ICC application to abandon the Teton Valley branch.

UNION PACIFIC DELAY REJECTED, IPUC SAYS: "Service should be commenced immediately."

In late November 1989, the Idaho commission rejected a Union Pacific plan to delay reopening the Teton Valley branch until late May 1990.

"We believe the Union Pacific Railroad should proceed to comply with the order of the Interstate Commerce Commission to restore rail service and that such service should be provided until the depth of snow in the Teton Valley makes it impossible," the commission said in a letter to the railroad's attorney in Omaha. "We do not believe that your proposed plan complies with the letter or the spirit of the Interstate Commerce Commission order."

The commission referred to a Nov. 14 letter from Joseph D. Anthofer, Union Pacific's general attorney, detailing the railroad's plans.

"It will take approximately 2-4 weeks to repair the Teton Valley Branch and any repair effort this fall probably would extend through the beginning of the heavy snowfall in December so that the repair would be of little present benefit," Anthofer wrote. "As a result, consistent with the past winter embargo of this line, Union Pacific plans to continue the existing trucking allowances through Nov. 30, 1989.

"The embargo will be left in place during the winter months until approximately May 15-30, 1990, at which time the line will be repaired and reopened for rail service through the summer months," Anthofer said. "The line would not be reopened, of course, if the ICC's Nov. 6 decision is vacated or reversed on appeal."

"We write to make clear to you that the Idaho Public Utilities Commission does not concur in this plan and to clearly state our belief that service should be commenced immediately," the commission responded in its Nov. 21 letter.

"As we understand the facts, only a small amount of track rehabilitation is required, and by virtue of an unusually prolonged fall season, there is not yet snow in the Teton Valley."

The commission directed its lawyers to determine its legal remedies should service not be restored to the Teton Valley "forthwith."

ICC REVERSES DECISION, GRANTS ABANDONMENT: IPUC SEEKS STAY

In April 1990, the IPUC petitioned the ICC to stay its decision announced March 12 that reversed a November 1989 ICC decision and allowed Union Pacific to abandon the line.

The IPUC said that the vote of former ICC Chairman Heather Gradison should be declared null and void, and that rail service to the Teton Valley should be restored as soon as possible that month.

The PUC's request revolved around the Feb. 22, 1990 date the ICC decided to reverse its earlier decision and the Feb. 12, 1990 replacement of Gradison by new ICC Chairman Edward Philbin.

ICC records showed that its commissioners voted on a draft decision to find "material error" and reverse the earlier abandonment denial on the following dates: Gradison (approve), Feb. 8; Lamboley (reject), Feb. 13; Emmett (approve), Feb. 20; Simmons (reject), Feb. 22; Phillips (approve), Feb. 22.

"By the time the second vote on the draft decision was made on Feb. 13, 1990 former Chairman Gradison was no longer a member of the commission," the IPUC petition said. "It follows that when the case was 'decided' on Feb. 22 and when the decision became 'final' on its March 12 service date, former Chairman Gradison was not a member of the commission. Any statement or implication in the decision that the matter was 'by the commission' as it existed on Feb. 22 or March 12 is in error."

The IPUC cited judicial decisions and the ICC's own administrative rules indicating that a commissioner's vote cannot survive the expiration of his or her term before a majority is obtained. Without Gradison, the vote to reverse the commission's earlier decision stands at 2-2, leaving the denial of abandonment in effect, the IPUC argued.

IPUC ANNOUNCES APPEAL OF ICC TETON VALLEY REVERSAL

Upon learning of the ICC reversal on March 12, 1990, the Idaho commission had announced it would appeal the February/ March decision in federal court.

"Union Pacific had two prior opportunities to present its case, and twice it failed," said IPUC President Joe Miller. "It is highly inappropriate and unfair for the ICC, after the composition of its membership has changed, to reopen this proceeding and reverse prior decisions.

"I am convinced the ICC decision is incorrect, and we have instructed our attorneys to appeal the decision to the federal circuit court of appeals."

On Nov. 6, 1989, on a 3-2 vote, the ICC had affirmed a July 1989 administrative law judge's decision denying Union Pacific's application to abandon the branch line. Then ICC Chairman Heather Gradison and Commissioner Karen Phillips dissented on the November decision. Commissioners Frederic Andre, Paul Lamboley, and J.J. Simmons made up the three-member majority voting to deny abandonment.

On Feb. 22, 1990, citing "material error," the ICC reversed the original decision. This time, Chairman Gradison and Commissioner Phillips were joined by newly appointed ICC Commissioner Edward Emmett, who replaced Andre in late November 1989.

Commissioners Simmons and Lamboley, in the majority in November, dissented on the reversed decision, saying the case should not have been reopened.

"To admit new evidence . . . at this stage is inappropriate, unfair and may be perceived as biased in favor of a rail carrier in abandonment proceedings," Lamboley said.

Although the new decision was rendered on Feb. 22, it was not served on the parties and released to the public until March 12. The decison was to be effective April 11.

Edward Philbin was sworn in as Gradison's replacement as ICC chairman on Feb. 12, 1990.

SCOVILLE LINE GETS ARCO ABANDONMENT HEARING

Case No. UP-R-89-4

On Sept. 20, 1989 the commission held a public hearing in Arco to consider whether Union Pacific Railroad's plan to abandon its 16.4-mile branch line from Scoville to Arco would be adverse to the public interest.

Union Pacific had notified the IPUC on July 31, 1989 of its plans to start abandonment proceedings.

Under Idaho law, the commission must hold hearings to determine whether the abandonment would:

1. adversely affect the area being served,
2. impair market access or the access of Idaho communities to vital goods and services, or
3. whether the line proposed for abandonment has a potential for profitability.

The commission represents the people of Idaho before the ICC if it is found that abandonment would be adverse to the public interest.

Shippers on the Scoville branch were asked to tell the types of commodities and numbers of rail cars shipped, shipping destinations, and quality of service in recent years. Union Pacific was also ordered to attend this hearing.

"By requiring the railroad to attend this public hearing, we merely ensure that the abandonment's effects upon the railroad and upon shippers and receivers are thoroughly investigated on the record before we determine whether to appear in the ICC proceedings," the commission said in setting the hearing. "The railroad's absence in previous abandonment hearings (North Side and Teton Valley branches) substantially detracted from the commission's ability to determine whether the abandonment would be adverse to the state's interest.

"The railroad's decision not to participate in our state hearing is a recent phenomenon," the commission said. "Union Pacific participated in Idaho's first abandonment hearing in 1986. The railroad's attendance and testimony that first hearing persuaded this commission that abandonment of the line would not adversely affect the public interest. Union Pacific's testimony provided a better record. Consequently, we order the railroad to tender a suitable witness at this public hearing. Requiring the railroad to appear at our hearing is an exercise of the state's inherent police power.

"Although the railroad has not participated in the two immediately preceding state hearings, it has used evidence and testimony taken at one of these hearings," the commission said. "In the Teton Valley Branch appeal currently before the ICC, the Union Pacific Railroad has attempted to introduce material obtained at the state hearing to impeach the state's position and bolster its own.

"We find it ironic that the railroad refuses to participate in the state hearing, yet offers these materials developed in our record to support its case," the commission said. "The railroad should not be excused from participating in our state hearings based upon a specious lack of authority argument and then be able to rely on material presented at our state hearings."

The Idaho Joint Rail Labor Legislative Board intervened in the Scoville case on behalf of railroad employees who might be adversely affected by the abandonment. The rail labor group is affiliated with the Brotherhood of Maintenance Way Employees, Transportation Communications Union, and United Transportation Union.

At the Arco hearing, Joseph Frost, ore shipping coordinator for the Cyprus Thompson Creek mine near Clayton, said he had been told by Union Pacific officials that spring that the line to Arco had already been abandoned. "I believe they could keep this line open on our business alone," Frost told the commission.

The railroad agreed to delay abandonment proceedings and to attempt to work out a rate contract that would enable Cyprus to use the line.

RAILROAD ATTEMPT TO "FAST TRACK" NORTH SIDE ABANDONMENT PROTESTED

Case No. UP-R-89-3, Order No. 22963

In July 1989, the commission held a publid hearing in Wendell on Union Pacific's plan to abandon 14.3 miles of its North Side branch line from Wendell to Bliss. The railroad had informally notified the commission of its plans in May.

Union Pacific did not appear at the hearing. Testimony was given by shippers, railroad union representatives, the commission staff and State Senator John Peavey.

In August 1989, the commission protested an attempt by Union Pacific to exempt closure of the Wendell-Bliss portion of its North Side branch line from the Interstate Commerce Commission's abandonment process.

The PUC said the railroad failed to meet both procedural and factual requirements for an exemption from the usual abandonment procedure at the ICC. The railroad was attempting to abandon the 14.3 miles from Wendell to Bliss.

Union Pacific failed to notify the PUC in advance of its ICC exemption petition, and the petition failed to say when the abandonment would be consummated, said deputy attorney general Donald Howell, who represented the PUC in the case. The advance notice and proposed date of abandonment are required by ICC rules.

The exemption rules also require that for at least two years no local traffic has moved over the line slated for abandonment. According to Randall Quigley, a potato shipper whose statement was included in the PUC protest, service on the branch was reduced from twice- to once-a-week the previous fall.

"This reduction in service to once a week prohibited me from shipping fresh produce on a timely basis," Quigley said. "I am actively attempting to sell my business. The premature loss of rail service is a detriment to finding a buyer and possible shipper."

In its protest, the PUC asked the ICC to either deny Union Pacific's exemption petition or allow comments on the exemption request prior to a decision.

In January 1990, the ICC granted the railroad's exemption request and the Idaho commission decided not to seek reconsideration of the decision.

"As we have said many times before, the Interstate Commerce Commission is vested with the authority to grant or deny abandonment of branch and main lines," the IPUC said in an order closing the case. "Although it is encouraging that Union Pacific did not seek to abandon the entire North Side branch, we are disappointed that the entire branch could not be saved.

"It is unfortunate that the state has not established a rail bank program to 'mothball' abandoned lines for future possible use and/or sale.

"As illustrated in the testimony received at our public hearing, we continue to express concern about the level of service afforded Idaho shippers," the commission said. "This is not the first time that individuals have complained of a lack of customer service."

RAIL CLEARANCE CASES

BOISE CASCADE'S EMMETT MILL

Case No. UP-RR-90-2, Order No. 23185

In June 1990, the commission granted a waiver of railroad clearance rules to allow Boise Cascade Corp. to construct platforms on a spur track at its Emmett facility to be used by workers to cover with a net rail cars loaded with wood chips.

Boise Cascade Corp. applied for authority to construct two platforms which would impair the required clearance between railroad cars and fixed objects.

The waiver was granted under the following conditions:

The company must erect three 16-by-20-inch, reflectorized "impaired side clearance" signs, two on the outside and one in the middle of the parallel spurs leading to the platforms. Boise Cascade must maintain rail footpaths free of debris.

Once the platforms were constructed, the commission's regulated carrier staff was to revisit the plant to ensure that the impaired clearance signs were properly erected and placed.

LOUISIANA-PACIFIC'S MOIYE SPRINGS MILL

Case No. UP-RR-89-5, Order No. 22995

In March 1990, the commission granted Louisiana-Pacific Corp.'s request for a waiver of state railroad clearance rules on a spur line at the lumber company's Moyie Springs mill.

L-P applied for the waiver to construct a platform that would reduce the clearance required between railroad cars and fixed objects. The platform would limit side clearances to 6 feet 6 inches from the track centerline. The commission's railroad rules require a side clearance of 8 feet 6 inches between the centerline of a rail track and fixed obstacles.

The waiver was granted on condition that the company erect 16-by-20-inch, reflectorized signs on both sides of the platform siding at least 100 feet from the platform. Union Pacific must keep railroad employees off the ladders or steps of rail cars, cabooses or engines in the platform area and stop cars at least 100 feet from the platform and have employees proceed on foot in the platform area.

ANHEUSER-BUSCH'S IDAHO FALLS MALT PLANT

Case No. UP-RR-90-1, Order No. 23081

In April 1990, the commission denied Klug & Smith Co.'s request for a waiver of railroad clearance rules to construct a fixed platform inside a shipping and receiving facility at the new Anheuser-Busch malt plant near Idaho Falls.

The commission based its denial upon a finding that it lacks jurisdiction to issue a waiver in this case.

"Neither railroad employees nor the general public has access to the shipping and receiving facility," the commission said in its order. "If Union Pacific switched cars in or out of the facility or perhaps owned the spurs, then the commission could exert jurisdiction over this issue.

"The fact that we decline to exert jurisdiction in this matter does not appear to expose future Anheuser-Busch employees to unnecessary danger. We would anticipate that the company will take appropriate precautions to advise its employees working in this area of the clearance impairments."

The commission advised Klug & Smith to contact the Occupational Safety and Health Administration with questions about safety design of the platform. "It is our belief that OSHA may properly exercise its authority over the shipping and receiving workplace," the commission said.

ENFORCEMENT ACTIVITIES

CONSENT AGREEMENTS REDUCE MOTOR CARRIER HEARINGS

During the 1990 fiscal year, increased use of consent agreements as an alternative to holding hearings began to be reflected in reduced administrative costs.

Carriers who have violated Idaho's motor carrier laws or the commission's motor carrier rules are offered the opportunity to enter into an agreement not to continue the violations. The agreement may also include a civil forfeiture for past violations.

A consent agreement recites the past violations, fully states the conduct proscribed, and explains the consequences of failure to abide by the agreement.

The program has resulted in a reduction in administrative costs by reducing the number of hearings as well as the legal and investigative workload required in case preparation.

CIVIL PENALTIES KEEP CARRIERS OUT OF COURT

During fiscal year 1990, the commission collected and deposited into the state general fund $5,450 from seven companies that agreed to pay the civil penalties in lieu of the regulated carrier staff's filing complaints against them in district court.

BLACKFOOT HOUSE MOVER PAYS FINE

Case No. M-7080-4, Order No. 23109

In May 1990, the operating authority of Dale Wood Housemoving of Blackfoot was supended until Wood received a satisfactory safety rating and paid the required reinstatement $100 fee.

The commission ordered permanent cancellation of Wood's permit if the satisfactory rating was not obtained by July 6, 1990.

The carrier agreed to pay a civil fine of $150 for failing to file requested documents with the commission in a timely manner.

COEUR D'ALENE TOWING SERVICE SUSPENDED

Case No. M-6569-9, Order No. 22784

In October 1989, the commission suspended the operating authority of Darrell and Julia Oaks' North Idaho Towing of Coeur d'Alene for several violations of Idaho motor carrier rules and laws.

The 60-day suspension was to continue until the Oaks obtained a satisfactory safety rating and complied with all requirements for reinstatement of a permit.

HAYDEN LAKE MOBILE HOME MOVER SUSPENDED, FINED

Case No. M-7056-8, Order No. 22754

In September 1989, the commission suspended the operating authority of Alfred and Eva Lamb, who were doing business as A-1 Mobile Home Sales in Hayden Lake.

The Lambs, who agreed to pay a civil penalty of $300, violated several motor carrier safety rules and failed to provide records requested by the commission staff.

SULFURIC ACID SHIPMENT DRAWS $2,000 FINE

Case No. GNR-MC-89-1, Order No. 22755

In September 1989, Western Farm Service of Idaho Falls was ordered to pay a $2,000 fine to the commission for hauling sulfuric acid illegally.

In a stipulation signed Sept. 18 by company manager David G. Beesley and approved by the commission Sept. 21, Western Farm Service paid $2,000 for deposit into the state general fund in lieu of paying a fine levied by the district court.

Beesley admitted that the company broke several state and federal laws and motor carrier rules relating to hazardous materials transportation.

The charges stemmed from a Sept. 10 incident. IPUC safety specialist David Haderlie passed a Western Farm Service truck carrying sulfuric acid in the wrong kind of tank. Upon further investigation, Haderlie found that several loads of 93 percent sulfuric acid had been hauled with the same truck without the proper hazardous materials shipping papers.

In recent years, the commission has expressed growing concern with the large volumes of sulfuric acid being shipped into and through eastern Idaho. The acid is spread on fields to kill potato vines prior to harvest.

The biggest problem has been transportation of large quantities of highly concentrated forms of the acid in plastic or polyethylene tanks. Such containers are authorized only for carrying relatively small amounts of diluted acid.

Several serious spills of sulfuric acid were reported in eastern Idaho during the past several harvest seasons.

Anyone transporting sulfuric acid on public roads in Idaho -- including farmers carrying more than 1,000 pounds -- must comply with federal Department of Transportation rules.

Transporters unsure of the rules were urged to contact IPUC safety specialists to assure themselves that they were using the proper containers in operations involving sulfuric acid.

Improper handling of the highly corrosive material can lead to monetary penalties as well as criminal charges. Violators can be fined as much as $10,000 for the first offense. Damages and clean-up costs for a spill or other accident involving sulfuric acid can amount to tens of thousands of dollars.

IDAHO FALLS MOBILE HOME MOVER FINED

Case No. M-6938-9, Order No. 22702

In August 1989, the commission fined Brett's Mobile Homes $300 for moving mobile homes while its common carrier permit was suspended.

At an Aug. 2 Idaho Falls public hearing before PUC President Joe Miller, it was determined that Brett Manwaring, doing business as Ron's Transport Co., had moved mobile homes on three occasions while his permit was suspended for previous violations of state motor carrier laws.

At the hearing, the company contended that it had not charged for the moves but only for "setting up" the mobile homes for the moves. The fees ranged from $110 to $635.

"It is undisputed that [Brett's] received a financial compensation for services associated with transportation even though [he] attempted to structure the transactions so that he did not receive compensation for the physical act of moving the mobile homes," the commission concluded.

"An administrative agency charged with the administration of a remedial act is free to ignore the form of a transaction and may examine all of the facts and circumstances to determine the intent of the transaction.

"In this proceeding, the respondent offered to each of the mobile home owners a package of services which included transportation of property within the State of Idaho," the commission said. "The respondent received compensation for that package of services."

The commission likened the civil violation to a criminal misdemeanor in setting the penalty at $300. The company's permit suspension was continued until the fine is paid and all reinstatement requirements are met.

The commission ruled that Brett's services are needed in the Idaho Falls area and that the company "is capable of moving mobile homes without damage thereto in a manner satisfactory to mobile home owners."

TEXAS SHIPPER PAYS FOR INKOM HAZMAT SPILL

Quality Service Tank Lines of San Antonio, Texas agreed to forfeit four bonds totaling $1,200 for violations of hazardous materials regulations that resulted in a spill at the Inkom Port of Entry.

AUDIT UNCOVERS SPOKANE TRAILER MOVER ERRORS

Frank Parker doing business as Taylor Trailer Transportation of Spokane, Washington agreed to pay $1,000 in civil fines for violations discovered during an audit by the regulated carrier staff.

IDAHO FALLS BUS COMPANY PAYS FINE FOR POOR RECORDS

Holiday Motor Coach, an Idaho Falls passenger carrier, agreed to pay $500 in civil penalties for failing to make timely and complete filings of insurance and annual reports.

Enforcement Summary

	FY 88	FY 89	FY90
Court Actions Initiated			
Safety	73	122	84
Hazardous Material	31	17	26
Compliance	136	116	72
Other	17	26	32
Warnings Issued	290	243	127
Vehicles Inspected	468	422	369
Railroad Accidents Investigated	35	54	74
Investigations		1778	2051
Safety Management Reviews	25	92	123
Civil Forfeitures			$5,450

NEW LAW SIMPLIFIES INTERSTATE REGISTRATION

Beginning in October 1990, truckers operating in Idaho were able to register for interstate operating authority with just one state instead of with each state in which they operate.

"This brings us one step closer to a consolidated registration process for Idaho-based truckers," said Tonya Clark, regulated carrier director for the Idaho Public Utilities Commission.

With the passage of House Bill 447, signed into law by Gov. Cecil Andrus in February 1990, the IPUC was authorized to enter into reciprocal agreements with trucking regulators in other states to provide for base state agreements.

Under the agreements, registration in one participating state allow interstate carriers to operate in all participating states. Idaho joined Colorado, Nebraska, Minnesota, Missouri, Ohio, and West Virginia as a participating state.

The measure allowing the PUC to administer base state agreements amended the Idaho Motor Carrier Act. It was supported by the Governor's Motor Carrier Advisory Committee and the Idaho Motor Transport Association.

DAIRY COOP SEEKS TRUCKING PERMIT

Case No. M-7607-1

In June 1990, the commission asked for comment on an application from Western Dairymen Cooperative of Salt Lake City for common carrier authority in Idaho.

The commission wanted to know whether its analysis of a similar, 1973 request by Northwest Agricultural Cooperative Association, which was denied, should be applied to the more recent request.

In that case, the commission reasoned that an agricultural cooperative cannot qualify as a common carrier because it cannot guarantee that its services would be available to the general public. The law under which coops are organized limits them to doing no more business with nonmembers than they do with members.

"Under that restriction, there is the continuing possibility that from time to time NACA would find it necessary to restrict transportation service provided to nonmembers in order to avoid violating the 50 percent restriction," the commission said in its 1973 order. As a result the coop would be holding itself out to the general public while discriminating in favor of its own members in violation of Idaho motor carrier law.

The affect of approving such a request would be to creat a new class of carrier by administrative decision, the commission said.

"Such action is clearly outside the jurisdiction of the commission and must be reserved to the legislature," the commission said. ". . . if in fact the legislature . . . desires agricultural cooperatives to hold common carrier authority, it is both their right and responsibility to so indicate through proper legislation. But it is not within the power of this commission to read into the present Motor Carrier Act something which is not there."

GREYHOUND DROPS POCATELLO-BURLEY ROUTE

Case No. M-3636-61, Order No. 23052

In April 1990, the commission granted the application of Greyhound Lines to discontinue bus service between Pocatello and Burley over Interstate Highway 86, on the condition that Greyhound continue to operate the route until July 1, 1990 or until another carrier began serving the route, whichever was sooner.

Greyhound filed its application with the commission in early December 1989. Under the federal Bus Reform Act of 1982, the commission had until early April, 120 days, to consider the application.

If the commission failed to act within the 120 days or the application was denied, Greyhound could apply directly to the Interstate Commerce Commission to discontinue the route.

At the conclusion of public hearings in Pocatello in early February, the commission agreed not to deny Greyhound's application if Greyhound made a good faith effort to help find another carrier for the route.

Discussions were then undertaken to see if Pocatello Urban Transit could obtain a small bus to serve the Pocatello-Burley route.

Greyhound was making one daily round trip leaving Pocatello at noon, with stops in American Falls and Rupert, and arriving in Burley at about 2 p.m. The bus then left Burley, returning to Pocatello at about 4 p.m. along the same route.

Greyhound said it was losing nearly $94,000 a year on the Burley-to-Pocatello route. A one-way fare on the 80-mile route was $12.

An average of five passengers a day rode the route each way. Some days the bus traveled empty; on others it carried as many as 34 people. About 3,700 passengers rode the route each year.

The City of Pocatello and the Greater Pocatello Chamber of Commerce formally intervened in the case to oppose Greyhound's request. The cities of American Falls, Burley, and Rupert as well as nearly 100 individuals also filed comments opposing elimination of the route.

Distribution of Motor Carriers

Motor Carriers	FY 88	FY 89	FY90
Interstate Carriers	12,204	13,114	13,097
Intrastate Private Carriers	9,650	9,607	11,749
Intrastate Common Carriers	500	500	545
Total Carriers	22,354	23,221	25,391

Regulated Carrier Revenue by Source

Revenue Collected	FY 88	FY 89	FY90
Interstate Carriers Regulatory Fees	$312,965	$326,339	$341,735
Private Intrastate Carrier Regulatory Fees	$122,134	$122,920	$137,318
Railroad Special Regulatory Fees	$77,745	$95,601	$123,316
Common-Contract Regulatory Fees	$52,009	$57,166	$60,541
Filing Fees Miscellaneous Receipt	$15,225	$18,400	$21,225
Total Revenue	$580,078	$620,426	$684,135

Intrastate Common-Contract Carrier Cases

The following applications, complaints and consent agreements were processed by the IPUC.

	FY 88	FY 89	FY90
Applications for New Authority	56	65	92
Applications for Temporary Authority	52	63	41
Applications for Amendment of Authority	6	8	13
Applications for Transfer of Authority	6	10	17
Applications for Voluntary Suspension	15	13	12
Applications for Voluntary Cancellation	30	40	31
Complaints	91	65	78
Complaints Resulting in Revocation of Authority			28
Consent Agreements			6

CASES OF GENERAL INTEREST

PUBLIC RECORDS GUIDELINES ISSUED

In June 1990, the commission adopted guidelines under Idaho's Public Records Act, which became effective July 1.

Under the new law, guidelines are required to identify the general subject matter of records kept by the commission, who is in charge of them and where they are located. The guidelines also include procedures for examining or copying the commission's records and for responding to such requests.

"It is the commission's expectation that the overwhelming majority of requests to inspect, examine or copy public records will be routinely and informally granted," the guidelines say, noting that most requests may be made orally and promptly granted.

When the request is for records possibly exempt from disclosure by law or involves more than 100 pages, it must be in writing. In most cases, the commission will respond to requests within three days. If more time is needed to locate or retrieve the records or to determine whether some or all of the material is exempt from disclosure, the requestor will be notified within three days and the request granted or denied within 10 days.

The vast majority of records kept by the commission are a matter of public record and are available for inspection or copying during normal business hours — 8 a.m. to 5 p.m., Monday through Friday, except state holidays and nonjudicial days.

Investigatory records, personnel records, copyrightable computer programs or data collections, and trade secrets are exempt from disclosure under Idaho Code §9-340.

The commission's investigatory records include informal complaints or inquiries about utilities or regulated carriers, and memoranda or similar documents recommending whether audits or investigations should be started. For example, preliminary staff inquiries into a utility's compliance with state laws or with commission rules or orders are exempt from disclosure until they become part of a formal commission proceeding and are placed in the official files.

The personnel records of the commissioners and their staff are exempt from disclosure with the following exceptions: A public official's employment history, job classification, pay grade and step, longevity, gross salary and salary history, status, workplace and employing agency are subject to disclosure.

While copyrightable computer software obtained from sources outside Idaho state government is exempt, programs and data developed by the commission and its staff may be examined or copied.

The commission's rules of practice and procedure put the burden on utilities and others submitting material to the commission to identify any that is exempt from public disclosure under Idaho law. All material for which no assertion of protection against public disclosure is made is placed in files available to the public.

The commission may charge $0.15 per page for photocopies and $15 per diskette for computerized information. Requests for copies whose total cost will exceed $15 may require prepayment. Persons requesting document copies are responsible for providing envelopes and postage or for paying the toll charges for facsimile transmission when requested.

RULES OF PRACTICE AND PROCEDURE TO BE REVISED

Case No. 31.A-R-90-1, Order No. 23181

In June 1990, the commission proposed revising its rules of practice and procedure.

"We last did this in the summer of 1988," the commission said in an order accompanying its proposal. "Since then the commission's experience with consent agreements, settlements of proceedings, handling of discoverable material of commercial value, the proliferation of fax machines, and the legislature's enactment of a comprehensive public records statute have shown us the need to amend our existing rules or add additional rules."

Many of the proposed rule changes were technical or clarifying amendments to existing rules while several were new rules necessitated by changes in regulatory trends. Proposed new rules deal with the form and content of consent agreements, with procedures for considering settlements of issues before the commission or of appeals from commission orders, and with filing documents by FAX (facsimile transmission).

A consent agreement rule (6.8) would recognize a practice in motor carrier regulation that may be useful in other areas as well: A carrier or utility signs an agreement with the commission staff to refrain from future violations of rules or laws.

Consent agreements are usually not part of a formal proceeding and implicate a particular practice rather than the full range of a carrier's or utility's operations. Such agreements enable someone in technical violation of rules or laws to avoid prosecution by consenting not to repeat the violation.

Settlement agreements, by contrast, are used exclusively in formal proceedings and address wider ranging issues affecting customers or ratepayers.

New rules (21.4 and 34.4) are proposed that define the types of settlement the commission may consider, the roles of the commission and its staff during settlement negotiations, the commission's options for considering settlement agreements, and the responsibilities of parties supporting or opposing a settlement.

Under the proposal, the commission staff would be precluded from entering into settlement negotiations without giving all other parties or affected persons a chance to participate. However, once entered into, settlement negotiations would be confidential unless all participants agree otherwise.

The commission may invite settlement of a proceeding or certain issues and may inform the parties of its views or indicate ranges of settlement, but may not individually or as a body indicate their views on the merits of a proposed settlement to any parties outside the presence of all parties. The commission would not be bound by settlement agreements and would independently review any proposed settlement before accepting, rejecting or adding conditions for acceptance.

A new rule (7.1b) would allow filing of certain documents needing immediate commission action by facsimile transmission (FAX) if followed by delivery of the originals the next working day.

1991 REGULATORY ASSESSMENTS SET

Case Nos. F-1990-1, -2, Order Nos. 23065, 26066

In April 1990, the commission set fiscal year 1991 assessment rates for the utilities and railroads under its jurisdiction.

Each utility must pay a fee amounting to .2413 percent (.002413) of its gross operating revenues derived from its intrastate utility business in Idaho for the 1989 calendar year. Each railroad is assessed a fee amounting to .5844 (.005844) percent of its gross intrastate operating revenues for the 1989 calendar year.

Half of the 1991 fee was due by May 15 and the remainder by November 15, 1990. Late payments are subject to interest of 8 percent per year.

The maximum regulatory fees the commission may charge are set by statute. The 1990 Legislature established the cap at three-tenths of one percent of gross intrastate revenues for public utilities and affirmed the 1 percent maximum for railroads set several years ago. The minimum assessment for a utility was set at $50 per year.

The previous minimum was $25. The assessment cap for utilities had been one-quarter of one percent for many years.

INTEREST RATE ON UTILITY DEPOSITS SET AT 9 PERCENT

Case No. 31.C-R-89-1, Order No. 22836

In November 1989, the commission set at 9 percent the annual interest rate regulated utilities must pay during 1990 on deposits required of some customers.

Each year before Dec. 1, the commission determines the average rate for one-year U.S. Treasury bills for the previous November through October. That rate is rounded to the nearest whole percent to set the deposit interest rate for the following calendar year.

The rates for Nov. 1, 1988 through Oct. 31, 1989 averaged 8.71 percent, which rounds to 9 percent. This was an increase over the 7 percent rate in effect for 1989.

ACCOUNTING SYSTEM FOR WATER COMPANIES

Case No. 31.G-R-89-1, General Order No. 180

In January 1990, the commission adopted a uniform system of accounts for water companies it regulates that have more than $150,000 in annual revenue.

"This commission has long adopted uniform systems of account for common and contract motor carriers, electric companies, gas companies and telephone companies," the commission said. "In addition, in 1913, it adopted a uniform system of accounts for water companies, but rescinded this system of accounts some 50 years later."

The commission adopted the Uniform System of Accounts for Class A and B water utilities published by the National Association of Regulatory Utility Commissioners.

In addition, the commission collected the scattered codifications of systems of accounts for other utilities into a single place in the commission rules: IDAPA 31.G.

CONSUMER COMPLAINTS AND INQUIRIES

For the third year in a row, the number of complaints and inquiries received by the commission during 1989 declined (5 percent) from the previous year. Of all complaints and inquires received in 1989, 34 percent involved a pending or actual disconnection of utility service. Other categories included: disputed billings (21%); rates and policies (21%); service-related problems (7%); line extensions and upgrades (5%); deposits (6%); company refusal to serve (4%); and miscellaneous (3%).

The Consumer Assistance staff received 1,900 requests for assistance or information in 1989. Residential customers made 87 percent of the complaints. The majority of complaints received concern interpretation of tariffs, rules, or regulations, with consideration for the customer's or company's unique circumstances. In 46 percent of all cases, the utility's action was either reversed or modified. Twenty-two percent of the cases involved negotiation of payment arrangements.

While dispute resolution remains an important task, it is hoped that by working with consumer groups, social service agencies, and utilities , persistent causes of consumer difficulties can be identified and addressed. Consumer complaints present an opportunity for utilities and the commission to learn about the effect of utility practices and policies have on people. For example, the unintentional and perhaps unfair impact of a rule or regulation might be discovered in the course of investigating a complaint. In such cases, an informal, negotiated remedy may not be possible, and formal action by the commission would be required. The Consumer Assistance staff's participation in formal rate and policy cases before the commission is the primary method used to address these issues.

For a more detailed account of issues and actions in this area, including in depth analysis of complaints against major utilities, consult the commission's "Consumer Assistance Activity Report, 1989."

INTERVENOR FUNDING

To encourage participation so that all affected customers receive full and fair representation before the commission, the 1985 Idaho Legislature passed and Gov. John Evans enacted intervenor funding legislation (Idaho Code section 61-617A).

Under the law, the commission may order any regulated utility with annual revenues over $1.5 million to pay all or part of the legal fees, witness fees, and copying costs of parties intervening in commission cases. Total intervenor funding may not exceed $20,000 in any one case.

The costs must be reasonable and a significant hardship for the intervenor. The expenses awarded are charged to the class of customers represented by the intervenor.

To receive funding, an intervenor's participation must materially contribute to a commission decision, with recommendations that differ from those of the commission staff. Issues addressed by the intervenor must be of concern to the general body of consumers.

Since Idaho's intervenor funding law went into effect in July 1985, the commission has granted just over $155,000 to 10 organizations intervening in 11 different cases through November 1990.

In 1989, the commission proposed changes to the law. The amendments would enable the commission to grant interim funding while a case in progress, raise the total amount of intervenor funding allowed in a single case to $30,000, and make complainants as well as intervenors eligible for funds.

AWARDS TO INTERVENORS

Date	Case No.	Util.	Intervenor	$ Amt. Granted
12-05-85	U-1034-122	IGC	Idaho Citizens Coalition	9,003.00
2-14-86	U-1008-204	WWP	Idaho Fair Share	10,091.02
2-14-86	U-1008-234	WWP	Committee for Fair Rates	14,475.86
3-03-86	U-1008-204	WWP	Idaho Fair Share	5,000.00
4-10-86	U-1009-157	UPL	Idaho Irrigation Pumpers Assn.	18,254.40
4-10-86	U-1009-157	UPL	Kelly Canyon Ski Hill Inc.	1,745.60
7-29-87	U-1006-265	IPC	Idaho Irrigation Pumpers Assn.	10,000.00
7-29-87	U-1006-265	IPC	Idaho Neighbors Network	7,725.00
7-29-87	U-1006-265	IPC	Industrial Customers of Idaho Power	2,000.00
10-16-87	U-1002-067	GTNW	Committee for Fair Rates	1,445.74
4-25-88	U-1008-204	WWP	Idaho Fair Share	9,908.09
6-10-88	IPC-E-88-2	IPC	Idaho Irrigation Pumpers Assn.	14,720.00
1-10-89	CUC-E&W-88-1	CUC	City of Mullan	857.00
3-13-89	U-1500-165	Electrics	NW Conservation Act Coalition	4,697.00
5-1-89	U-1002-67A	GTE-NW	Committee for Fair Rates	18,554.26
9-28-89	WWP-G-88-5	WWP	Valley Action Council	15,710.33
11-8-90	BOI-W-90-1	Boise Water	Idaho Citizens Coalition	11,271.00

UTILITIES BY CITY

City	Electric Company	Gas Company	Telephone Company
Aberdeen	Idaho Power	Intermountain	Continental
Acequia	Rural Electric	None	Project Mutual
Ahsahka	Clearwater Power	None	General
Albion	Albion Light	None	Albion Telephone
Almo	Raft River Coop	None	Albion Telephone
Alridge	UP&L	None	Mt. Bell
American Falls	Idaho Power	Intermountain	Mt. Bell
Ammon	UP&L	Intermountain	Mt. Bell
Arbon	Idaho Power	None	Rockland
Arco	UP&L	None	Mt. Bell
Arimo	UP&L	None	Mt. Bell
Ashton	UP&L	None	Mt. Bell
Athol	Kootenai Electric	None	General
Atlanta	Atlanta Power	None	Rural
Atomic City	Idaho Power	None	Mt. Bell
Avery	WWP	None	General
Avon	Clearwater Power	None	General
Baker	Idaho Power	None	Century
Bancroft	UP&L	Intermountain	Mt. Bell
Banida	UP&L	None	Mt. Bell
Banks	Idaho Power	None	Continental
Basalt	UP&L	Intermountain	Mt. Bell
Bayview	PP&L	None	General
Bellevue	Idaho Power	Intermountain	Mt. Bell
Berger	Idaho Power	None	Mt. Bell
Bern	UP&L	None	Mt. Bell
Blackfoot	Idaho Power	Intermountain	Mt. Bell
Blanchard	WWP	None	General
Bliss	Idaho Power	None	Mt. Bell
Bloomington	UP&L	None	Mt. Bell
Boise	Idaho Power	Intermountain	Mt. Bell
Bone	UP&L	None	Mt. Bell

City	Electric Company	Gas Company	Telephone Company
Bonners Ferry	Bonners Ferry Light	WWP	General
Bovill	WWP	WWP	General
Bowmont	Idaho Power	None	Mt. Bell
Bridge	Raft River Coop	None	Albion
Bruneau	Idaho Power	None	Gem State
Buhl	Idaho Power	Intermountain	Mt. Bell
Burke	Citizens	None	General
Burmah	Idaho Power	None	Project Mutual
Burley	Burley Municipal	Intermountain	Mt. Bell
Butte City	Lost River Coop	None	Mt. Bell
Cabinet	Northern Lights	None	General
Calder	WWP	None	General
Caldwell	Idaho Power	Intermountain	Mt. Bell
Cambridge	Idaho Power	None	Cambridge
Cape Horn	Idaho Power	None	No Service
Carey	Idaho Power	None	Continental
Careywood	Northern Lights	None	General
Carmen	Idaho Power	None	Century
Cascade	Idaho Power	None	Continental
Castleford	Idaho Power	None	Mt. Bell
Cataldo	WWP	WWP	General
Cavendish	Clearwater Power	None	General
Centerville	Idaho Power	None	Mt. Bell
Challis	Salmon River Coop	None	Custer Coop
Chatcolet	Plummer Electric	None	General
Chester	UP&L	None	Mt. Bell
Chubbuck	Idaho Power	Intermountain	Mt. Bell
Clark Fork	PP&L	None	General
Clarkia	Clearwater Power	None	General
Clayton	Salmon River Coop	None	Custer Coop
Clearwater	Idaho Co. Light	None	PNB
Clifton	UP&L	None	Mt. Bell
Clover	Idaho Power	None	Mt. Bell
Cobalt	Idaho Power	None	Lemhi
Cocolalla	Northern Lights	None	General
Coeur d'Alene	WWP	WWP	General
Colburn	Northern Lights	None	General

City	Electric Company	Gas Company	Telephone Company
Conda	UP&L	None	Mt. Bell
Coolin	Northern Lights	None	General
Copeland	Northern Lights	None	General
Corral	Prairie Power Coop	None	Continental
Cottonwood	WWP	None	PNB
Council	Idaho Power	None	Mt. Bell
Craigmont	Clearwater Power/WWP	None	PNB
Crouch	Idaho Power	None	Continental
Culdesac	Clearwater Power/WWP	None	PNB
Cuprum	Idaho Power	None	Cambridge
Dalton Gardens	WWP	None	General
Darlington	Lost River Coop	None	Mt. Bell
Dayton	UP&L	None	Mt. Bell
Deary	Clearwater Power/WWP	WWP	General
Declo	Declo Municipal	Intermountain	Mt. Bell
De Smet	Kootenai Electric	None	General
Dietrich	Idaho Power	None	Mt. Bell
Dingle	UP&L	None	Mt. Bell
Dixie	Idaho Co. Light	None	Continental
Donnelly	Idaho Power	None	Continental
Dover	PP&L	None	General
Downey	UP&L	None	Mt. Bell
Driggs	Fall River Coop	None	Mt. Bell
Drummond	Fall River Coop	None	Mt. Bell
Dubois	Dubois Electric	None	Mud Lake Co-op
Eagle	Idaho Power	Intermountain	Mt. Bell
East Hope	PP&L	None	General
Eastport	Northern Lights	None	General
Eden	Idaho Power	None	Mt. Bell
Eddyville	WWP	None	General
Edgemere	Northern Lights	None	General
Elba	Raft River Coop	None	Albion Telephone
Elk City	WWP	None	Continental
Elk River	WWP	None	General
Ellis	Salmon River Coop	None	Mt. Bell
Elmira	Northern Lights	None	General
Emida	Clearwater Power	None	General

City	Electric Company	Gas Company	Telephone Company
Emmett	Idaho Power	Intermountain	Mt. Bell
Enaville	WWP	None	General
Fairfield	Idaho Power	None	Continental
Fairview	UP&L	None	Mt. Bell
Felt	Fall River Coop	None	Mt. Bell
Fenn	WWP	None	PNB
Ferdinand	WWP	None	PNB
Fernan Lake	WWP	None	General
Fernwood	Clearwater Power	None	General
Featherville	Prairie Power Coop	None	Rural
Filer	Idaho Power	Intermountain	Filer Mutual
Firth	UP&L	Intermountain	Mt. Bell
Fish Haven	UP&L	None	Mt. Bell
Fort Hall	Idaho Power	None	Mt. Bell
Franklin	UP&L	None	Mt. Bell
Fruitland	Idaho Power	Intermountain	Farmers Mutual
Fruitvale	Idaho Power	None	Mt. Bell
Gannett	Idaho Power	None	Mt. Bell
Gardena	Idaho Power	None	Continental
Garden City	Idaho Power	Intermountain	Mt. Bell
Garden Valley	Idaho Power	None	Continental
Gem	Citizens Utilities	None	General
Genesee	Clearwater Power/WWP	WWP	General
Geneva	UP&L	None	Mt. Bell
Georgetown	UP&L	Intermountain	Mt. Bell
Gibbonsville	Idaho Power	None	Century
Gifford	Clearwater Power	None	Inland
Gilmore	Idaho Power	None	Century
Glenns Ferry	Idaho Power	Intermountain	Mt. Bell
Golden	WWP	None	Continental
Good Grief	Northern Lights	None	General
Gooding	Idaho Power	Intermountain	Mt. Bell
Grace	UP&L	Intermountain	Mt. Bell
Grand View	Idaho Power	None	Gem State
Grangemont	Clearwater Power	None	General
Grangeville	WWP	None	PNB
Granite	Northern Lights	None	General

City	Electric Company	Gas Company	Telephone Company
Grasmere	Idaho Power	None	Gem State
Greencreek	PP&L	None	PNB
Greenleaf	Idaho Power	None	Mt. Bell
Greer	WWP	None	General
Hagerman	Idaho Power	None	Mt. Bell
Hailey	Idaho Power	Intermountain	Mt. Bell
Hamer	UP&L	None	Mud Lake Co-op
Hammett	Idaho Power	Intermountain	Mt. Bell
Hansen	Idaho Power	Intermountain	Mt. Bell
Harpster	Idaho Co. Light	None	PNB
Harrison	Kootenia Elec/WWP	None	General
Harvard	Clearwater Power	None	General
Hauser	WWP	None	General
Hayden	WWP	WWP	General
Hayden Lake	Kootenai Elec/WWP	WWP	General
Hazelton	Idaho Power	None	Mt. Bell
Headquarters	WWP	None	General
Heise	UP&L	None	Mt. Bell
Helmer	Clearwater Power	None	General
Heyburn	Heyburn Electric	Intermountain	Mt. Bell
Hill City	Prairie Power Coop	None	Continental
Holbrook	UP&L	None	Albion Telephone
Hollister	Idaho Power	None	Filer Mutual
Homedale	Idaho Power	Intermountain	Continental
Hope	Pacific Power	None	General
Horseshoe Bend	Idaho Power	None	Continental
Howe	UP&L	None	Mt. Bell
Huetter	WWP	WWP	General
Humphrey	UP&L	None	Mt. Bell
Huston	Idaho Power	None	Mt. Bell
Idaho City	Idaho Power	None	Mt. Bell
Idaho Falls	Idaho Falls Electric	Intermountain	Mt. Bell
Indian Valley	Idaho Power	None	Cambridge
Inkom	Idaho Power	Intermountain	Mt. Bell
Iona	UP&L	Intermountain	Mt. Bell
Irwin	Lower Valley Power	None	Silver Star
Island Park	Fall River Rural	None	Mt. Bell

City	Electric Company	Gas Company	Telephone Company
Jerome	Idaho Power	Intermountain	Mt. Bell
Juliaetta	Clearwater Power/WWP	None	Potlatch
Juniper	Raft River Coop	None	Mt. Bell
Kamiah	WWP	None	PNB
Kellogg	WWP	WWP	General
Kendrick	Clearwater Power/WWP	None	Potlatch
Ketchum	Idaho Power	Intermountain	Mt. Bell
Kilgore	UP&L	None	Mud Lake Co-op
Kimama	Idaho Power	None	Project Mutual
Kimberly	Idaho Power	Intermountain	Mt. Bell
King Hill	Idaho Power	None	Mt. Bell
Kingston	WWP	WWP	General
Kooskia	WWP	None	PNB
Kootenai	Pacific Power	None	General
Kuna	Idaho Power	Intermountain	Mt. Bell
Laclede	PP&L/Northern Lights	None	General
Lake Fork	Idaho Power	None	Continental
Lakeview	Kootenai Electric Co-op	None	Midvale
Lamb Creek	Northern Lights	None	General
Lane	WWP	None	General
Lapwai	Clearwater Power/WWP	None	PNB
Lava Hot Springs	UP&L	Intermountain	Mt. Bell
Leadore	Idaho Power	None	Century
Lemhi	Idaho Power	None	Century
Lenore	Clearwater Power	None	Inland
Leon	Clearwater Power/WWP	None	Inland
Letha	Idaho Power	None	Continental
Lewiston	WWP	WWP	PNB
Lewisville	UP&L	Intermountain	Mt. Bell
Lincoln	UP&L	None	Mt. Bell
Lorenzo	UP&L	None	Mt. Bell
Lost River	Idaho Power	None	Mt. Bell
Lowman	Idaho Power	None	Cambridge
Lucile	Idaho Power	None	Continental
Lund	UP&L	None	Mt. Bell
Mackay	Lost River Coop	None	Mt. Bell
Malad City	UP&L	None	Mt. Bell
Malta	Raft River Coop	None	Albion Telephone

City	Electric Company	Gas Company	Telephone Company
Marion	Idaho Power	None	Mt. Bell
Marsing	Idaho Power	Intermountain	Continental
Maryville	UP&L	None	Mt. Bell
May	Salmon River Coop	None	Custer Coop
McCall	Idaho Power	None	Continental
McCammon	UP&L	Intermountain	Mt. Bell
Meadows	Idaho Power	None	Continental
Meadow Creek	Northern Lights/ Bonners Ferry Light	None	General
Medimont	Kootenai Electric	None	General
Melba	Idaho Power	None	Mt. Bell
Menan	UP&L	None	Mt. Bell
Meridian	Idaho Power	Intermountain	Mt. Bell
Mesa	Idaho Power	None	Cambridge
Middleton	Idaho Power	Intermountain	Mt. Bell
Midvale	Idaho Power	None	Midvale
Minidoka	Minidoka Electric	None	Project Mutual
Mink Creek	UP&L	None	Mt. Bell
Monteview	UP&L	None	Mud Lake Co-op
Montour	Idaho Power	None	Continental
Montpelier	UP&L	Intermountain	Mt. Bell
Moore	Lost River Coop	None	Mt. Bell
Moreland	Idaho Power	Intermountain	Mt. Bell
Moscow	WWP	WWP	General
Mountain Home	Idaho Power	Intermountain	Mt. Bell
Moyie Springs	Northern Lights/ Bonners Ferry Light	None	General
Mud Lake	UP&L	None	Mud Lake Co-op
Mullan	Citizens	None	General
Murphy	Idaho Power	None	Mt. Bell
Murray	WWP	None	General
Murtaugh	Idaho Power	Intermountain	Mt. Bell
Myrtle	Clearwater Power	None	PNB
Naf	Raft River Coop	None	Albion
Nampa	Idaho Power	Intermountain	Mt. Bell
Naples	Northern Lights	None	General
Neeley	Idaho Power	None	Mt. Bell

City	Electric Company	Gas Company	Telephone Company
Newdale	UP&L	None	Mt. Bell
New Meadows	Idaho Power	None	Continental
New Plymouth	Idaho Power	Intermountain	Mt. Bell
Nezperce	Clearwater Power/WWP	None	PNB
Norland	Idaho Power	None	Project Mutual
Nordman	Northern Lights	None	General
North Fork	Idaho Power	None	Century
Notus	Idaho Power	intermountain	Mt. Bell
Nounan	UP&L	None	Mt. Bell
Oakley	Idaho Power	None	Mt. Bell
Ola	Idaho Power	None	Continental
Oldtown	Pacific Power	None	General
Onaway	WWP	None	General
Orchard	Idaho Power	None	Mt. Bell
Oreana	Idaho Power	None	Gem State
Orofino	Clearwater Power/WWP	None	General
Orogrande	WWP	None	Elk City
Osburn	WWP	WWP	General
Ovid	UP&L	None	Mt. Bell
Oxford	UP&L	None	Mt Bell
Paris	UP&L	None	Mt. Bell
Parker	UP&L	Intermountain	Mt. Bell
Parma	Idaho Power	Intermountain	Continental
Patterson	Salmon River Coop	None	Century
Paul	Idaho Power/Rural	Intermountain	Project Mutual
Pauline	Idaho Power	None	Rockland
Payette	Idaho Power	Intermountain	Mt. Bell
Pearl	Idaho Power	None	Mt. Bell
Peck	Clearwater Power	None	General
Picabo	Idaho Power	None	Mt. Bell
Pierce	WWP	None	General
Pine	Prairie Power Coop	None	Rural
Pinehurst	WWP	WWP	General
Pingree	Idaho Power	None	Mt. Bell
Pioneerville	Idaho Power	None	Mt. Bell
Placerville	Idaho Power	None	Mt. Bell
Plummer	Plummer Electric	None	General

City	Electric Company	Gas Company	Telephone Company
Pocatello	Idaho Power	Intermountain	Mt. Bell
Pollock	Idaho Power	None	Continental
Ponderay	Pacific Power	None	General
Porthill	WWP/Northern Lights	None	General
Portneuf	Idaho Power	None	Mt Bell
Post Falls	Kootenai Elec/WWP	WWP	General
Potlatch	Clearwater Power/WWP	None	Potlatch
Prairie	Idaho Power	None	Rural
Preston	UP&L	Mountain Fuel	Mt. Bell
Priest River	PP&L	None	General
Princeton	Clearwater Power	None	General
Raft River	Raft River Coop	None	Albion Telephone
Rathdrum	Kootenai Elec/WWP	WWP	General
Reubens	Clearwater Power/WWP	None	PNB
Rexburg	UP&L	Intermountain	Mt. Bell
Reynolds Creek	Idaho Power	None	Mt. Bell
Richfield	Idaho Power	None	Gem State
Riddle	Idaho Power	None	Gem State
Rigby	UP&L	Intermountain	Mt. Bell
Riggins	Idaho Power	None	Continental
Ririe	UP&L	None	Mt. Bell
Riverside	Idaho Power	None	Mt. Bell
Roberts	UP&L	Intermountain	Mt. Bell
Robin	UP&L	None	Mt. Bell
Rock Creek	Idaho Power	None	Mt. Bell
Rockford	Idaho Power	None	Mt. Bell
Rockland	Idaho Power	None	Rockland
Rogerson	Idaho Power	None	Filer Mutual
Rose Lake	WWP	None	General
Roswell	Idaho Power	None	Continental
Roy	Idaho Power	None	Rockland
Rupert	Idaho Power	Intermountain	Project Mutual
Sagle	Pacific Power	None	General
St. Anthony	UP&L	Intermountain	Mt. Bell
St. Charles	UP&L	None	Mt. Bell
St. Joe	WWP	None	General
St. Maries	Clearwater Power/WWP	None	General

City	Electric Company	Gas Company	Telephone Company
Salmon	Idaho Power	None	Century
Samaria	UP&L	None	Mt. Bell
Samuels	Northern Lights	None	General
Sanders	Clearwater Power	None	General
Sandpoint	PP&L	None	General
Santa	Clearwater Power	None	General
Shelley	UP&L	Intermountain	Mt. Bell
Shoshone	Idaho Power	Intermountain	Mt. Bell
Shoup	None	None	Rural
Silverton	Citizens	None	General
Smelterville	WWP	WWP	General
Smiths Ferry	Idaho Power	None	Continental
Soda Springs	Soda Springs Muni	Intermountain	Mt. Bell
Southwick	Clearwater Power	None	General
Spalding	WWP	None	General
Spencer	UP&L	None	Mud Lake Co-op
Spirit Lake	WWP	None	General
Springston	WWP	None	General
Springfield	Idaho Power	None	Continental
Stanley	Salmon River Coop	None	Mt. Bell
Star	Idaho Power	None	Mt. Bell
Starkey	Idaho Power	None	Mt. Bell
State Line	WWP	WWP	General
Sterling	Idaho Power	None	Continental
Stibnite	Idaho Power	None	(Radio Phone)
Stites	WWP	None	PNB
Stone	UP&L	None	Albion
Sublett	Raft River Coop	None	Albion
Sugar City	UP&L	Intermountain	Mt. Bell
Sunbeam	Salmon River Coop	None	Custer Co-op
Sun Valley	Idaho Power	Intermountain	Mt. Bell
Swanlake	UP&L	None	Mt. Bell
Swan Valley	Lower Valley Power	None	Silver Star
Sweet	Idaho Power	None	Continental
Tamarack	Idaho Power	None	Continental
Tendoy	Idaho Power	None	Century
Tensed	Clearwater Power	None	General
Terreton	UP&L	None	Mud Lake Co-op

City	Electric Company	Gas Company	Telephone Company
Teton	UP&L	None	Mt. Bell
Tetonia	Fall River Coop	None	Mt. Bell
Thatcher	UP&L	None	Mt. Bell
Thornton	UP&L	None	Mt. Bell
Three Creek	Idaho Power	None	Rural
Triangle	Idaho Power	None	Rural
Triumph	Idaho Power	None	None
Troy	Clearwater Power/WWP	WWP	Troy
Tuttle	Idaho Power	None	Mt. Bell
Twin Falls	Idaho Power	Intermountain	Mt. Bell
Tyhee	Idaho Power	None	Mt. Bell
Ucon	UP&L	Intermountain	Mt. Bell
Victor	Fall River Coop	None	Mt. Bell
Viola	Clearwater Power	None	General
Virginia	UP&L	None	Mt. Bell
Waha	Clearwater Power/WWP	None	General
Wallace	Citizens	WWP	General
Wapello	Idaho Power	None	Mt. Bell
Wardner	WWP	WWP	General
Warm Lake	Idaho Power	None	None
Warm River	Fall River Coop.	None	Mt. Bell
Warren	Idaho Power	None	None
Wayan	Lower Valley Power	None	Silver Star
Weippe	Clearwater Power/WWP	WWP	General
Weiser	Weiser Water & Light Dept.	Intermountain	Mt. Bell
Wendell	Idaho Power	Intermountain	Mt. Bell
Westmond	Northern Lights	None	General
Weston	UP&L	None	Mt. Bell
White Bird	Idaho Co. Light	None	Continental
Whitney	UP&L	None	Mt. Bell
Wilder	Idaho Power	None	Continental
Winchester	WWP	None	PNB
Woodland	WWP	None	PNB
Worley	WWP	None	General
Yellow Pine	Idaho Power	None	(Radio Phone)